United Nations DP/2018/19

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Annual review of the financial situation, 2017

Report of the Administrator

Summary

This report provides an overview of the financial position of UNDP and the United Nations Capital Development Fund (UNCDF) at the end of 2017. UNDP maintained a positive net asset position on its balance sheet and achieved regular resources year-end liquidity above the threshold requested by the Executive Board. The 2017 institutional budget was brought back to balance through deliberate actions to reduce expenses.

Total UNDP revenue increased by 3 per cent, to $5.237 billion (2016: $5.103 billion), and contributions were 1 per cent higher, at $4.915 billion (2016: $4.866 billion). Total expenses were 9 per cent higher, at $5.095 billion (2016: $4.660 billion).

Contributions to regular resources fell by 1 per cent, to $0.612 billion (2016: $0.618 billion). This includes $0.017 billion from programme country governments (2016: 0.015 billion). Regular resources expenses also fell, by 2 per cent, to $0.695 billion (2016: $0.712 billion).

Other resources contributions grew by 1 per cent, to $4.303 billion (2016: $4.248 billion). The ratio of regular to other resources fell to 12 and 88 per cent, respectively (2016: 13 and 87 per cent).

Contributions to other resources comprised funding from: programme country governments, $1.051 billion, an increase of 7 per cent (2016: $0.98 billion); donor country governments, which decreased by 2 per cent, to $1.464 billion (2016: $1.489 billion); and multilateral partners, which grew by 1 per cent, to $1.788 billion (2016: $1.778 billion). Other resources expenses increased by 12 per cent, to $4.643 billion (2016: $4.151 billion).

UNDP coordinates the United Nations system at the country level. The value of fund flows to multi-donor trust funds, joint programmes, and United Nations organizations rose by 12 per cent, to $1.715 billion (2016: $1.532 billion).

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UNCDF revenue totalled $0.060 billion. Contributions increased to $0.057 billion (2016: $0.055 billion). Regular resources contributions were $9.7 million, below the $25 million required to sustain UNCDF operations in 40 of the 47 least developed countries per the UNCDF strategic framework, 2014-2017.Total expenses increased to $0.065 billion, primarily for development activities (2016: $0.063 billion), remaining above the level of total revenue by drawing upon the accumulated surplus from previous years.

Elements of a decision

The Executive Board may wish to:

(a) take note of documents DP/2018/19, DP/2018/19/Add.1, and DP/2018/20;

(b) note the importance of regular resources, which remain the bedrock of UNDP support to programme countries, particularly the poorest and most vulnerable and low-income countries, for UNCDF and its impact on the least developed countries served, and for UNV on promoting peace and development through volunteerism;

(c) recall the importance of funding predictability, and urge Member States to prioritize regular resources and multi-year pledges for 2018, and multi-year pledges, given that further reductions in regular resources risk jeopardizing the ability of UNDP to achieve planned strategic results; and

(d) recall decision 2013/30, and urge all programme countries to meet their obligations with respect to government local office costs.

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I. Introduction

1. This report provides an overview of the financial position of UNDP – including the United Nations Volunteers (UNV) and the United Nations Office for South-South Cooperation (UNOSSC) – and UNCDF at the end of 2017.

2. Annexes I-VI are available on the Executive Board web page. Tables 1-11, in DP/2018/19/Add.1, provide further details of the activities undertaken by UNDP and UNCDF.

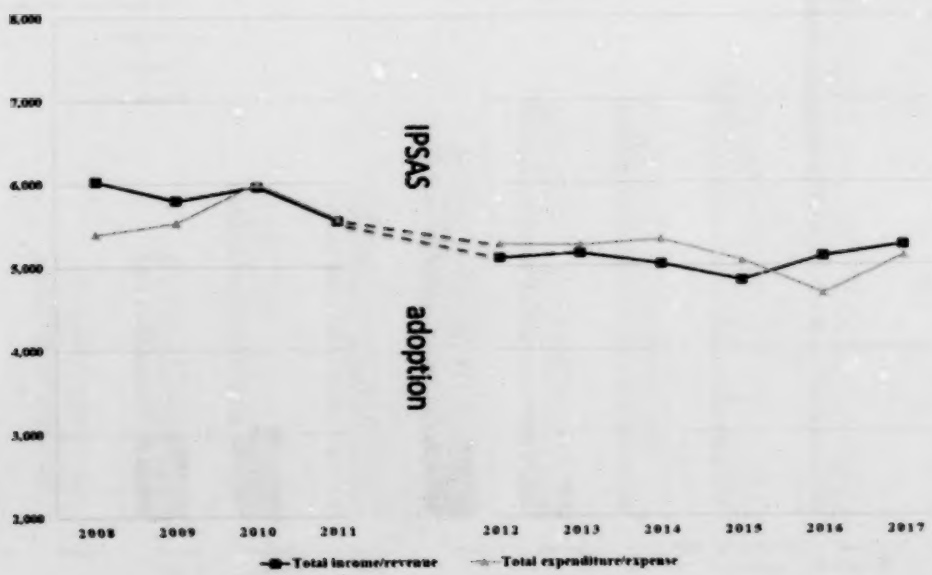
3. In accordance with Executive Board decision 2013/28, this report includes a comparative overview of actual 2017 utilization compared to the resource planning figures in the UNDP integrated budget, 2014-2017 (DP/2013/41), and the corresponding annex II. It includes annexes III.A and III.B in the format of the UNDP integrated resources plan. Annex III.C provides the resources allocated to posts, by location.

II. UNDP overview

A. Revenue

4. In a challenging financial environment, total UNDP revenue increased by 3 per cent, to $5,237 million (2016: $5,103 million). Total expenses increased by 9 per cent, to $5,095 million (2016: $4,660 million). UNDP continued to maintain a positive net asset position on the balance sheet, and a year-end core liquidity position above the minimum threshold requested by the Executive Board (see paragraph 49). However, UNDP was funded 12 per cent from regular resources and 88 per cent from other resources (2016: 13 per cent and 87 per cent, respectively) continuing the downward trend. Figure 1 illustrates the trend.

Figure 1. Revenue and expenses, 2008-2017
(in millions of dollars)



Note: IPSAS–International Public Sector Accounting Standards

5. Total revenue grew by 3 per cent, to $5,237 million (2016: $5,103 million). Table 1 shows the breakdown.

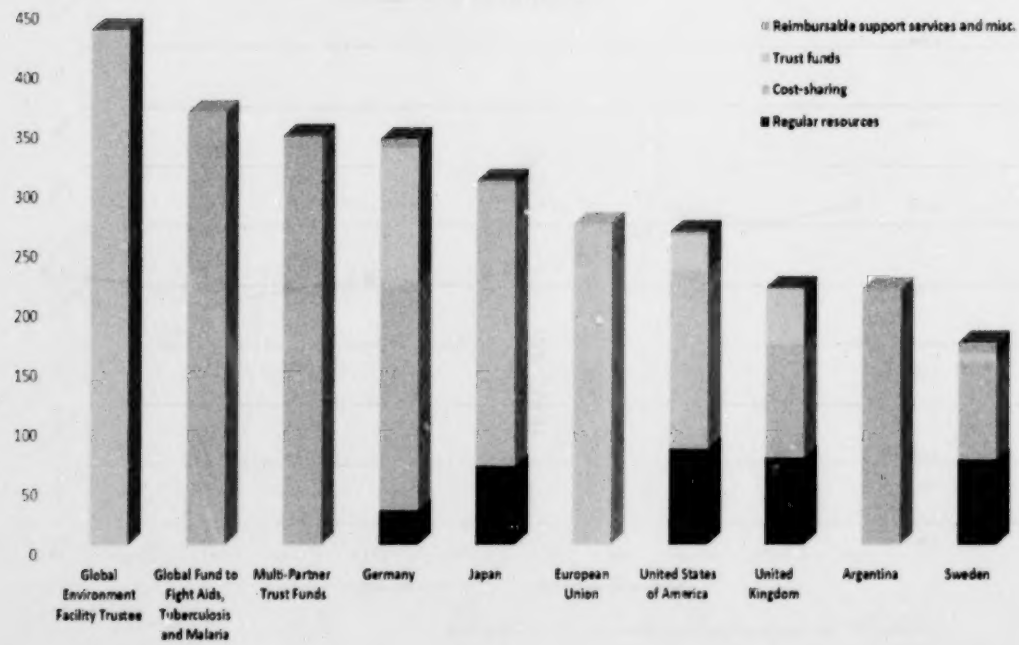
Table 1. UNDP revenue, 2017
(in millions of dollars)

Resources	2017	2016	*increase/ (decrease)*	*% change*
Revenue				
Contributions	4,915	4,866	49	1%
GLOC accounting linkage	(1)	(1)	-	0%
GLOC	19	28	(9)	(32%)
NCC contributions	12	9	3	33%
U-MIC contributions	9	6	3	50%
Contributions in kind	16	20	(4)	(20%)
Transfer of funds and refunds to funding partners	(78)	(143)	65	(45%)
Contributions, net	4,892	4,785	107	2%
Hedging	4	7	(3)	(43%)
Investments	89	53	36	68%
Other	495	461	34	7%
Total revenue before elimination	5,480	5,306	174	3%
Elimination	(243)	(203)	(40)	20%
Total revenue after elimination	5,237	5,103	134	3%

GLOC=Government contributions towards local office costs NCC=Net contributor country U-MIC=Upper-middle-income country

6. Total contributions were $4,915 million, with $2,912 million (59 per cent) contributed by the top-ten funding partners shown in figure 2.

Figure 2. UNDP contributions by top 10 funding partners, 2017
(in millions of dollars)



7. Table 2a presents the total UNDP contributions of $4,915 million, which increased by 1 per cent (2016: $4,866 million). This includes $137 million contributions receivable from partners (2016: $124 million).

Table 2a. UNDP contributions by funding partners, 2017
(in millions of dollars)

Year	Donor country governments	Programme country governments	Multilateral partners	Total
2017	2,058	1,068	1,789	4,915
2016	2,092	996	1,778	4,866
Increase/(decrease)	(34)	72	11	49
% change	(2%)	7%	1%	1%

8. Of total contributions, $2,058 million came from donor country governments, representing 42 per cent (2016: 43 per cent); $1,068 million from programme country governments – primarily in support of their national development priorities – representing 22 per cent (2016: 20 per cent); and $1,789 million from multilateral partners, representing 36 per cent (2016: 37 per cent), which includes $67 million from the private sector, foundations and non-governmental organizations (2016: $46 million). UNDP remains committed to further diversifying the funding base across and beyond governments.

Table 2b. UNDP contributions by resource type, 2017
(in millions of dollars)

Resources	2017			2016		
	Regular resources	Other resources	Total	Regular resources	Other resources	Total
Revenue						
Contributions	612	4,303	4,915	618	4,248	4,866
less: GLOC* accounting linkage	(1)	-	(1)	(1)	-	(1)
GLOC contributions	19	-	19	28	-	28
NCC** contributions		12	12		9	9
U-MIC*** contributions		9	9	-	6	6
Contributions, in-kind and other	16	-	16	19	1	20
Transfer of funds; refunds to donors	1	(79)	(78)	-	(143)	(143)
Contributions, net	647	4,245	4,892	664	4,121	4,785

*GLOC=Government contributions to local office costs **NCC=Net contributor country
***U-MIC=Upper-middle-income country

9. Total contributions to regular resources fell by 1 per cent, to $612 million (2016: $618 million). Government contributions to local office costs decreased by 32 per cent, to $19 million (2016: $28 million). Contributions to local office costs from net contributor programme country governments increased by 33 percent, to $12 million (2016: $9 million), and upper-middle income programme country governments increased by 50 percent, to $9 million (2016: $6 million). Total in-kind contributions reached $16 million (2016: $19 million).

10. While UNDP has continued to respond to the reductions in regular resources with institutional efficiency and economy measures, regular resources remain vulnerable to volume reductions and exchange rate fluctuations. UNDP continues to adapt to

fluctuations in funding, although reductions in regular resources jeopardize its ability to achieve planned strategic results.

11. Total other resources contributions increased by 1 per cent, to $4,303 million (2016: $4,248 million), including $106 million in receivables. The details of other resources are reported in chapters V (cost sharing), VI (trust funds) and VII (reimbursable support services and miscellaneous activities).

12. Other resources contributions are 'earmarked' for individual programmes or projects and are important complements to the 'un-earmarked' regular resource base. UNDP is committed to working with Member States to improve the flexibility of this funding.

Investment revenue

13. Total investment revenue increased by 68 per cent, to $89 million (2016: $53 million), consisting of $37 million in regular resources (2016: $16 million) and $52 million in other resources (2016: $37 million). Of this, revenue from the internal working capital portfolio was $67 million ($15 million in regular resources and $52 million in other resources), with a return of 1.34 per cent, due to higher interest rates, and revenue from the externally managed after-service health insurance portfolio was $22 million (attributed to regular resources), representing a 15.75 per cent return, due to continued strong equity market performance. Both portfolios exceeded their benchmarks.

B. Expenses

14. Total expenses increased by 9 per cent, to $5,095 million (2016: $4,660 million). Eighty-five per cent (2016: 83 per cent) was spent on development activities, including development effectiveness; 2 per cent (2016: 3 per cent) on United Nations development coordination activities; 7 per cent (2016: 7 per cent) on management activities; 2 per cent (2016: 2 per cent) on special-purpose activities; and 4 per cent (2016: 5 per cent) on other activities.

15. In 2017 the institutional budget was brought back to balance through actions to reduce the budget. UNDP made deliberate efforts to reduce management expense by 1 per cent, to $359 million (2016: $361 million), comprising $117 million (2016: $109 million) for regular resources and $242 million (2016: 252 million) for other resources. The management ratio fell to 6.93 per cent (2016: 7.86 per cent), below the Integrated Results and Resources Framework target of 8.1 per cent for 2014-2017.

16. UNDP is the steward of the resident coordinator system that leads the strategic planning and coordination of United Nations country teams. Total expenses on United Nations development coordination activities increased by 1 per cent to $130 million (2016: $129 million).

Table 3a. UNDP overall expenses, 2017
(in millions of dollars)

Resources	2017	2016	increase/ (decrease)	% change
Expenses				
Development activities				
Programme	4,387	3,878	509	13%
Development effectiveness	172	166	6	4%
Subtotal – development activities	4,559	4,044	515	13%
United Nations development coordination activities	130	129	1	1%
Management activities	359	361	(2)	(1%)
Special-purpose activities	64	71	(7)	(10%)
Other activities	226	258	(32)	(12%)
Total expenses before elimination	5,338	4,863	475	10%
Elimination	(243)	(203)	(40)	20%
Total expenses	5,095	4,660	435	9%

17. The total expenses of $5,338 million by resource type is shown in table 3b.

Table 3b. UNDP expenses, by resource type and cost classification, 2017
(in millions of dollars)

Resources	2017			2016		
	Regular resources	Other resources	Total	Regular resources	Other resources	Total
Expenses						
Development activities						
Programme	346	4,041	4,387	377	3,501	3,878
Development effectiveness	71	101	172	62	104	166
Subtotal – development activities	417	4,142	4,559	439	3,605	4,044
United Nations development coordination activities	93	37	130	93	36	129
Management activities	117	242	359	109	252	361
Special-purpose activities	13	51	64	11	60	71
Other activities	55	171	226	60	198	258
Total expenses before elimination	695	4,643	5,338	712	4,151	4,863

C. Accumulated surplus

18. The financial regulations and rules of UNDP require it to operate on a fully-funded basis for activities funded by other resources. In accordance with partnership agreements, all project balances are segregated for accounting and reporting purposes, with no commingling of balances between projects. Appropriate cash balances are held for settling liabilities.

19. UNDP receives programmatic resources for multi-year programmes linked to individual programmes or projects. Hence, in any given year there is an excess of resources over expenditure. This excess of resources is referred to as the accumulated surplus, which consists mainly of resources committed for future programme delivery. At 31 December 2017, the accumulated surplus, excluding reserves, decreased by 1 per cent, to $4,339 million (2016 restated: $4,364 million). This resource comprised cost-sharing surpluses of $2,921 million, of which $938 million was from programme country governments, $1,859 million was third-party cost sharing from donor

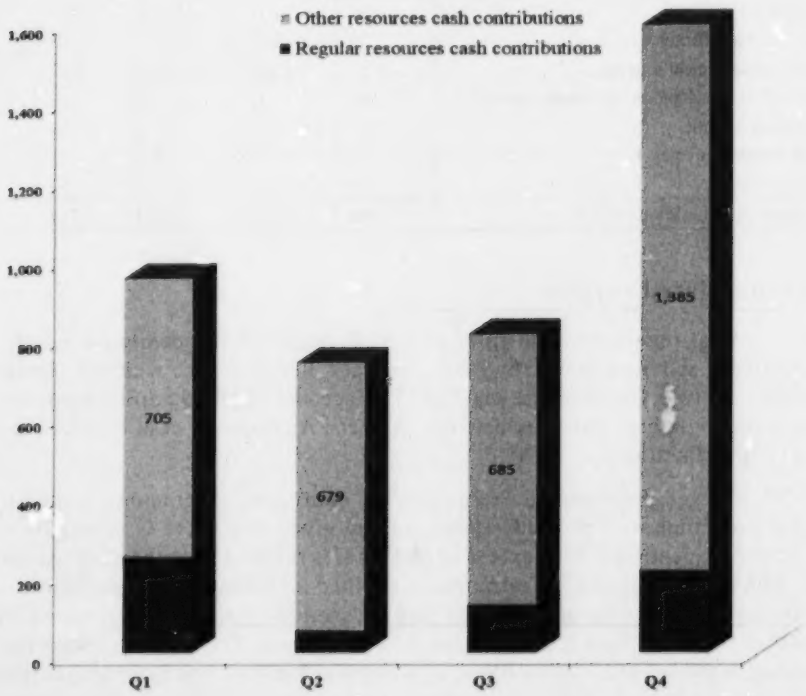
governments, and $124 million from the Global Fund to Fight AIDS, Tuberculosis and Malaria; $1,092 million from trust funds, consisting of $583 million from vertical funds – the Global Environment Facility (GEF), the Montreal Protocol and the Green Climate Fund – and $509 million from others; $300 million from reimbursable support services; and $26 million from regular resources.

20. In 2017, UNDP total expenses were below total revenue, with an overall surplus for the year of $142 million (2016: $443 million), contributing to the accumulated surplus. A further $23 million was released to the accumulated surpluses from the operational reserve, in accordance with the formula approved in decision 1999/9; a $31 million increase due to changes in the fair value of certain investments; and a $9 million increase in funds with specific purposes. Those increases were offset by a $230 million accounting adjustment for an unrealized loss on the after-service health insurance portfolio resulting from changes in actuarial assumptions based on the independent study.

21. Timely and early payments of contributions by Member States aid delivery of development results. However, $1,594 million, or 39 per cent of total cash contributions for current and prior years (regular and other resources), was received in the last quarter (2016: 34 per cent), as shown in figure 3. Furthermore, most of the accumulated surplus has been programmed for delivery in future years.

22. UNDP continued to seek opportunities to accelerate the delivery of development results and further draw down its accumulated surplus, taking into account the revenue increase and the late receipt of funds.

Figure 3. Receipt of resources, by quarter, 2017
(in millions of dollars)

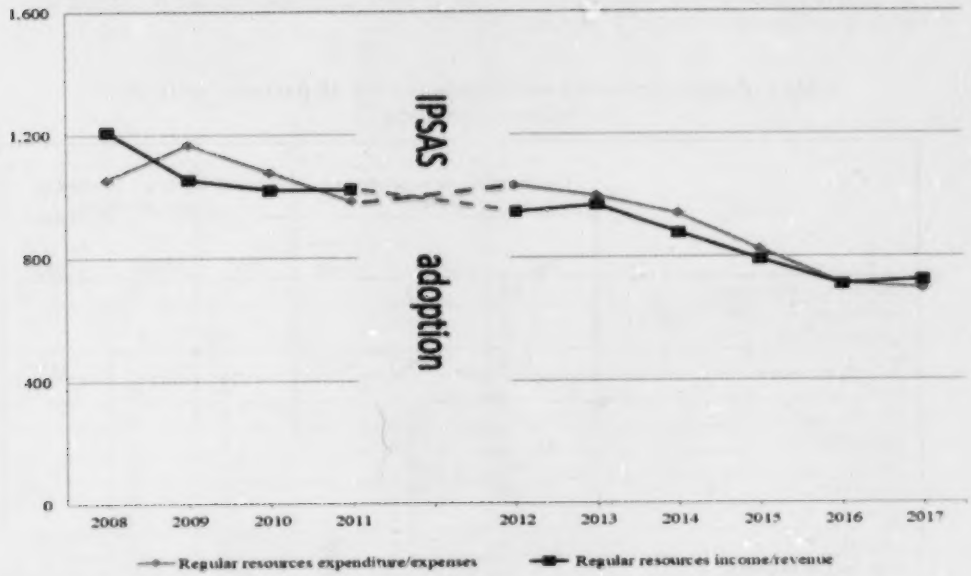


III. Regular resources

A. Revenue

23. Regular resources revenue, inclusive of contributions, investment interest and other revenue, increased by 2 per cent, to $723 million (2016: $710 million). This was due to increases in investment revenue, primarily for the after-service health insurance portfolio, and other revenue. Expenses decreased by 2 per cent, to $695 million (2016: $712 million). The excess of revenue over expenses was $28 million (2016: deficit $2 million).

Figure 4. Regular resources revenue and expenses, 2008-2017 (in millions of dollars)



Note: IPSAS = International Public Sector Accounting Standards

Table 4. Regular resources revenue, 2016-2017 (in millions of dollars)

Regular resources	2017	2016	Increase/ (decrease)	% change
Revenue				
Contributions	612	618	(6)	(1%)
GLOC* accounting linkage	(1)	(1)	-	-
GLOC	19	28	(9)	(32%)
Contributions in kind	16	19	(3)	(16%)
Transfer of funds & refunds to funding partners	1	-	1	-
Contributions, net	647	664	(17)	(3%)
Hedging	4	7	(3)	(43%)
Investments	37	16	21	131%
Other	35	23	12	52%
Total revenue	723	710	13	2%

*GLOC = Government contributions to local office costs

Contributions

24. Contributions to regular resources decreased by 1 per cent ($6 million) to $612 million (2016: $618 million). This comprised $594 million from donor country governments (2016: $603 million), $17 million from programme country governments (2016: $15 million), and $1 million from a private company.

25. Contributions from the top 10 partners amounted to $527 million, representing 86 per cent of total contributions of $612 million (2016: $527 million; 85 per cent of total contributions), as listed in table 5. Estonia, Iceland, Japan, Pakistan, the Republic of Korea, and Sweden increased their regular resources contributions in United States dollars or local currencies. Four programme country governments and two donor countries resumed making contributions after suspending them for one or more years.

26. Fifty-three Member States contributed to regular resources (2016: 52), including 22 programme countries (2016: 23). Details of these contributions are presented in table 4 of document DP/2018/19/Add.1.

Table 5. Regular resources contributions – top 10 partners, 2016-2017 (in millions of dollars)

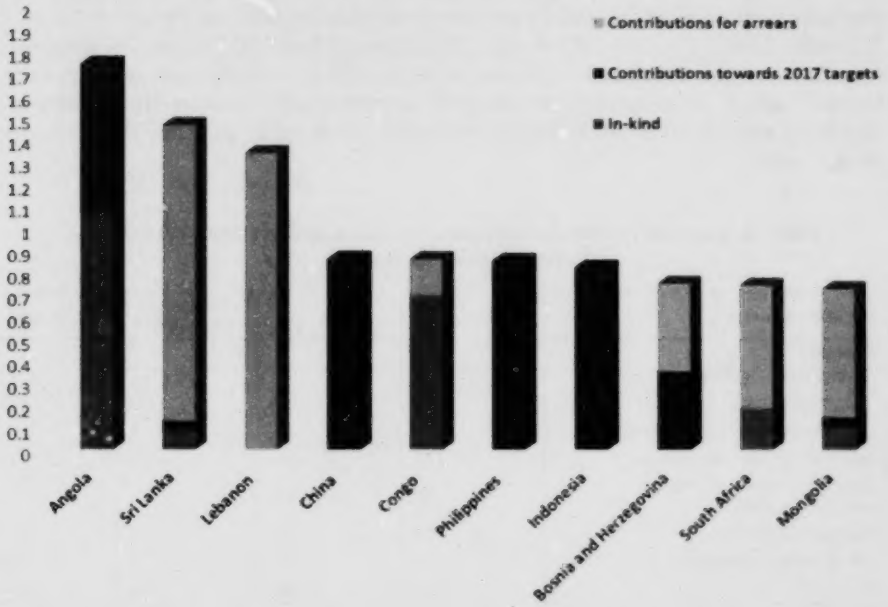
Donor	Contributions in local currency (millions)			Contributions expressed as dollars (millions)		
	2017	2016	Per cent change	2017	2016	Per cent change
United States of America	80	83	-	80	83	(4%)
United Kingdom of Great Britain and Northern Ireland	55	55	-	73	69	6%
Sweden	620	615	1%	71	72	(1%)
Japan*				66	60	10%
Norway	535	535	-	64	64	-
Switzerland	57	57	-	57	57	-
Canada	40	40	-	31	32	(3%)
Netherlands	28	28	-	30	32	(6%)
Germany	25	25	-	28	28	-
Denmark	175	210	(17%)	27	30	(10%)
Total for top 10 donors	N/A	N/A	N/A	***527***	***527***	-
Others	N/A	N/A	N/A	**85**	**91**	(7%)
Total voluntary contributions				**612**	**618**	(1%)
*Contributions pledged and received in dollars						

27. Declining regular resources pose a serious challenge, constraining the ability of UNDP to ensure global development effectiveness and make strategic choices and investments. If regular resources decrease further, it will not be possible for UNDP to maintain the protections for the programme budget now in place. Reduced support for development effectiveness and management could adversely affect quality assurance, monitoring, accountability and oversight capacity.

Government contributions to local office costs

28. Government contributions to local office costs are an important source of revenue, and can take the form of in-kind or cash contributions. $18 million was received in 2017 (2016: $17 million), consisting of cash contributions of $10 million, in-kind contributions of $8 million for premises and utilities, and $9 million against arrears. The top 10 contributors are shown in shown in figure 5.

Figure 5. GLOC contributions by top 10 host governments, 2017 (in millions of dollars)



29. Tables 8(a), 8(b) and 8(c) in document DP/2018/19/Add.1 provide information on 2017 government cash contributions to local office costs in regular resources by countries in low and middle-income categories, cumulative arrears, and contributions towards arrears. Table 4, in the same document, shows government contributions to local office costs, contributions from net contributor countries and upper-middle income countries, and in-kind contributions.

Hedging programme

30. The UNDP currency hedging programme generated a $4.4 million benefit by mitigating the effects of movements in exchange rates, plus premiums earned on options transactions. Given continued volatility of exchange rates, UNDP took a dynamic approach to hedging, based on market conditions and exposure of regular resources contributions.

Other revenue

31. Other revenue, mainly comprising miscellaneous revenue and exchange gains on assets, totalled $35 million (2016: $23 million).

B. Expenses

32. Pursuant to decision 2010/32, expenditures are reported in four harmonized cost-classification categories: (a) development; (b) United Nations development coordination; (c) management; and (d) special purpose. Expenditures outside those classifications are reported under 'other activities' and included as part of overall expenditure.

33. Regular resources expenses fell by 2 per cent, to $695 million (2016: $712 million). After five consecutive years of expenses remaining above revenue, regular resources expenses were below total revenue due to measures taken by UNDP to curtail expenses and achieve the minimum required liquidity level. While total expenses were reduced, shielded programme components such as TRAC[1]-1, TRAC-3, South-South cooperation, the Human Development Report Office, and programme support to resident coordinator activities were not affected. UNDP managed to protect United Nations development coordination activities and maintain its expense at almost the same level as 2016. Regular resources expenses, by cost classification, are shown below.

Table 6. Regular resources expenses, by cost classification, 2016-2017 (in millions of dollars)

Regular resources	2017	2016	*Increase/ (decrease)*	*% change*
Expenses				
Development activities:				
Programme	346	377	(31)	(8%)
Development effectiveness	71	62	9	15%
Subtotal development activities	417	439	(22)	(5%)
United Nations development coordination activities	93	93	-	-
Management activities	117	109	8	7%
Special-purpose activities	13	11	2	18%
Other	55	60	(5)	(8%)
Total expenses	695	712	(17)	(2%)

Development expenses

34. Development expenses decreased by 5 per cent, to $417 million (2016: $439 million). This was in line with the reduction in regular resources, given the volume of regular resources contributions received.

United Nations development coordination expenses

35. UNDP support to the resident coordinator system was $93 million, the same as 2016, maintaining the support highlighted in the strategic plan and integrated budget, 2014-2017. Those expenses incorporated both financing the 'backbone' resident coordinator system structure at country, regional and global levels, and the UNDP share of supplemental costs as part of the system-wide cost sharing of the resident coordinator system ($5 million).

Management expenses

36. Expenses rose 7 per cent, to $117 million (2016: $109 million), remaining within the institutional budget per decision 2013/28 and within the level of regular resources allocated for management activities under the cost recovery policy in decision 2013/9. Further details are presented in section C, below.

[1] Target for resources assignment from the core

Special-purpose expenses

37. Expenses totalled $13 million (2016: $11 million). Major expenses include $9 million related to UNV and $3 million related to UNCDF (the same as 2016 for each).

Other expenses

38. Other expenses totalled $55 million (2016: $60 million), of which $18 million (2016: $17 million) related to after-service health insurance, and $17 million (2016: $22 million) to currencies revaluation and exchange rate fluctuations.

39. UNDP participates in the United Nations system-wide valuation of post-retirement benefits, performed by an independent actuary. The latest valuation was carried out as at 31 December 2017. The after-service health insurance liability, valued at $1,316 million (2016: $1,035 million), was recorded as a UNDP liability in accordance with International Public Sector Accounting Standards. The $281 million (27 per cent) increase in the liability was due primarily to changes in actuarial assumptions, most notably an increase in the life expectancy of staff members.

40. UNDP has a 15-year plan to fund its after-service health insurance liability, which shall be reviewed after completing an asset-liability study. Of the $1,316 million, $654 million had been funded as of 31 December 2017. The investment management of the portfolio was outsourced to external managers. The funds set aside are being transferred to the external managers in quarterly instalments from 2016 until the second quarter of 2018. UNDP, UNFPA, UNCDF, the United Nations Children's Fund and UN-Women collaborate in this arrangement.

C. Regular resources and integrated budget expenditure

41. For activities reported in 2017, UNDP operates within the integrated budget, 2014-2017, as approved in decision 2013/28, for regular resources-financed activities: (a) programmatic components; and (b) institutional components.

42. Annex II compares the final approved budget, covering both programmatic and institutional components, with the actual expenditure amounts, calculated on the same basis as the corresponding budget for regular resources (modified accruals basis).

43. During 2017, due to reduced levels of contributions to regular resources, UNDP reduced expenditures, thus maintaining the three-month liquidity requirement for regular resources mandated by the Executive Board. The transitionary measures of $33 million of core resources, in line with the integrated budget, 2014-2017, were drawn upon in 2017.

44. Table 7 compares actual expenditures for 2016 and 2017. In 2017, 38 per cent of regular resources were spent on institutional costs, compared to 33 per cent in 2016. The share of regular resources spent for programmatic activities was 62 per cent, compared to 67 per cent in 2016.

Table 7. Integrated budget expenditure, by cost classification category, 2016-2017 (in millions of dollars)

Regular resources	2017 actual expenditures		2016 actual expenditures	
Programmatic	62%	$377	67%	$415
Institutional	38%	$233	33%	$207
Total	**100%**	**$610**	**100%**	**$622**
Institutional	**2017 actual expenditures**		**2016 actual expenditures**	
Development effectiveness	23%	$54	21%	$43
United Nations coordination	33%	$76	37%	$77
Management	40%	$92	38%	$78
Special purpose	4%	$10	4%	$9
Total	**100%**	**$233**	**100%**	**$207**

45. Annex III.A presents the integrated resources plan that covers regular and other resources for the period 2014-2017 and compares the plan with 2014-2017 actuals. The comparison shows that:

(a) activities reported in 2014-2017 remain within the approved integrated resources plan;

(b) at the end of 2014-2017, UNDP had achieved the management ratio level of 7.7 per cent, or 0.4 per cent below the targeted level of 8.1 per cent (in 2012-2013: 8.7 per cent);

(c) overall expenditure level of programmatic activities in 2014-2017 increased, reaching 88.6 per cent (in 2012-2013: 88.0 per cent); and

(d) the share of regular resources for programmatic activities over the period 2014-2017 was 63 per cent; this was above the 62 per cent planned allocation of regular resources to programmatic activities. Within the reduced institutional budget, the proportion of management costs was 45 per cent. This was below the 47 per cent planned allocation of regular resources for management activities.

46. Annex III.B presents 2014-2017 actuals versus estimates of the institutional components of the integrated resources plan by functional cluster, while annex III.C presents information on resources allocated to posts by location.

D. Accumulated surplus

47. The regular resources accumulated surplus at 31 December 2017 decreased to $26 million (2016 restated: $75 million), due mainly to an accounting adjustment of $129 million for an unrealized loss to after-service health insurance (offset by a surplus of $28 million), and $31 million accounting adjustment relating to investments. Based on the operational reserve formula approved in decision 1999/9 and the final 2017 income and expenditure, the regular resources operational reserve was adjusted downwards, and $21 million was released to the accumulated surplus from the operational reserve.

48. In line with decision 1999/9, a prudent level of liquidity for regular resources is equivalent to three to six months' expenditures. UNDP maintained the year-end core liquidity position at 5.26 months of working capital, above the minimum threshold.

IV. Other resources

49. Other resources are composed of cost-sharing, trust funds, and reimbursable support services and miscellaneous activities including the Junior Professional Officers programme, the UNV programme, and management service agreements.

V. Cost sharing

50. Cost sharing is a co-financing modality, with resources provided by donor governments, programme country governments and other partners.

A. Revenue

51. Cost-sharing total revenue increased by 7 per cent, to $3,315 million (2016: $3,101 million). The breakdown is shown below.

Table 8. Cost-sharing revenue, 2016-2017
(in millions of dollars)

Cost sharing	2017	2016	Increase/ (decrease)	% change
Revenue				
Contributions	3,385	3,191	194	6%
Transfer of funds and refunds to funding partners	(107)	(116)	9	(8%)
Contributions, net	3,278	3,075	203	7%
Investments	32	22	10	45%
Other	5	4	1	25%
Total revenue	3,315	3,101	214	7%

Contributions

52. Cost-sharing contributions grew by 6 per cent, to $3,385 million (2016: $3,191 million), due to increases by donor and programme country governments and multilateral partners. This comprised $3,257 million in contributions received and $128 million receivable.

Table 9. Cost-sharing contributions by funding partners, 2016-2017
(in millions of dollars)

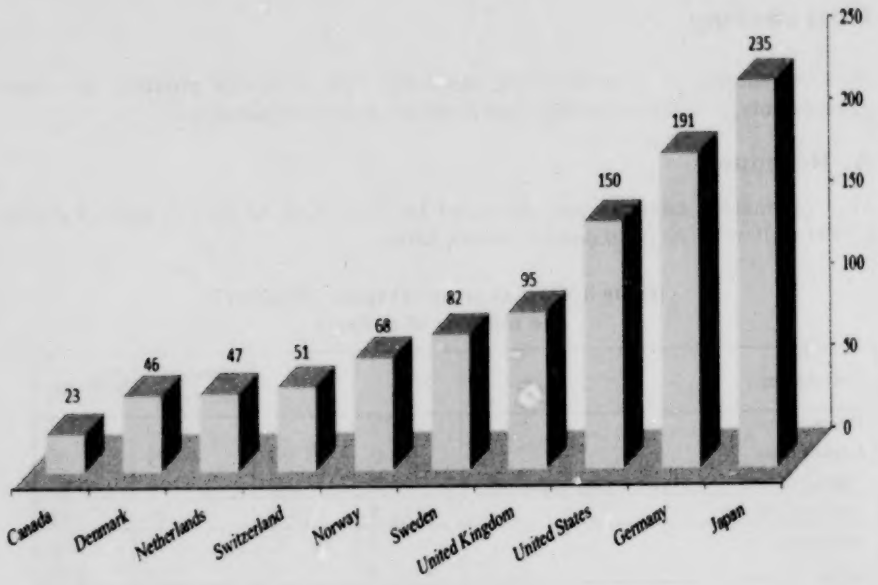
Year	Donor country governments	Programme country governments	Multilateral partners	Total
2017	1,096	1,038	1,251	3,385
2016	982	964	1,245	3,191
Increase/ (decrease)	114	74	6	194
% change	12%	8%	0%	6%

Donor country governments

53. Contributions from donor country governments rose by 12 per cent, to $1,096 million, representing 32 per cent of cost-sharing contributions (2016:

31 per cent). Figure 6 shows contributions from the top 10 donor country governments, which totalled $988 million (2016: $883 million), 29 per cent of cost-sharing contributions.

Figure 6. Cost-sharing contributions, top 10 donor country governments, 2017 (in millions of dollars)

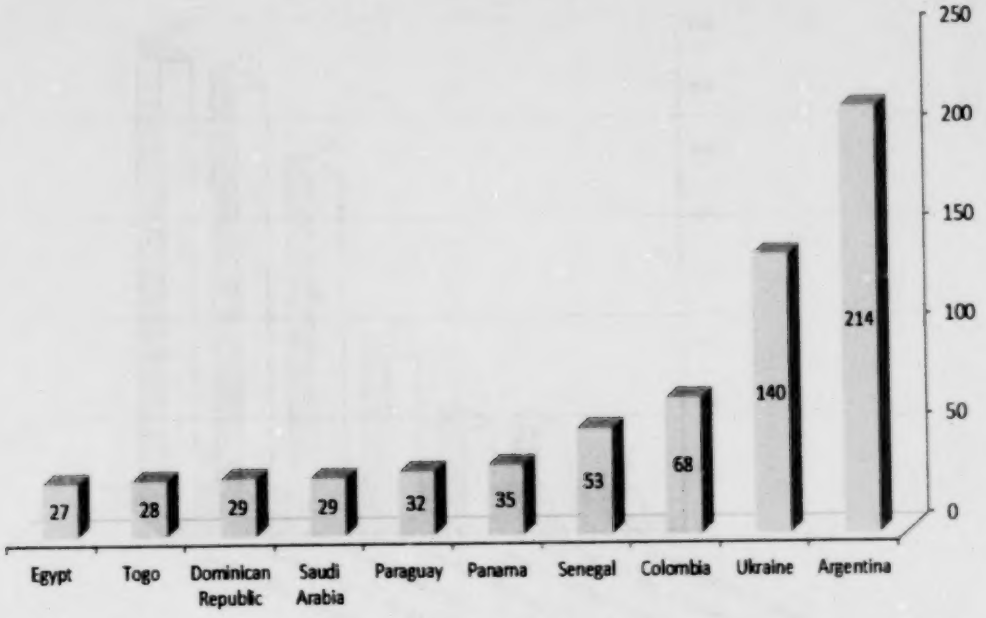


Programme country governments

54. Contributions channelled through UNDP by programme country governments increased by 8 per cent, to $1,038 million (2016: $964 million), representing 31 per cent of cost-sharing contributions (2016: 30 per cent). This included $17 million from China for South-South and triangular cooperation.

55. Of the cost-sharing contributions, 63 per cent (2016: 62 per cent) came from governments of 10 programme countries. Argentina, Ukraine, Colombia, Panama, Paraguay, and the Dominican Republic increased their cost-sharing contributions. The largest increase was from Ukraine (79 per cent) and the Dominican Republic (61 per cent).

Figure 7. Cost-sharing contributions: top 10 programme country governments, 2017 (in millions of dollars)



Multilateral resources

56. Multilateral resources comprised funding from multilateral partners and multi-donor trust funds/joint programmes.

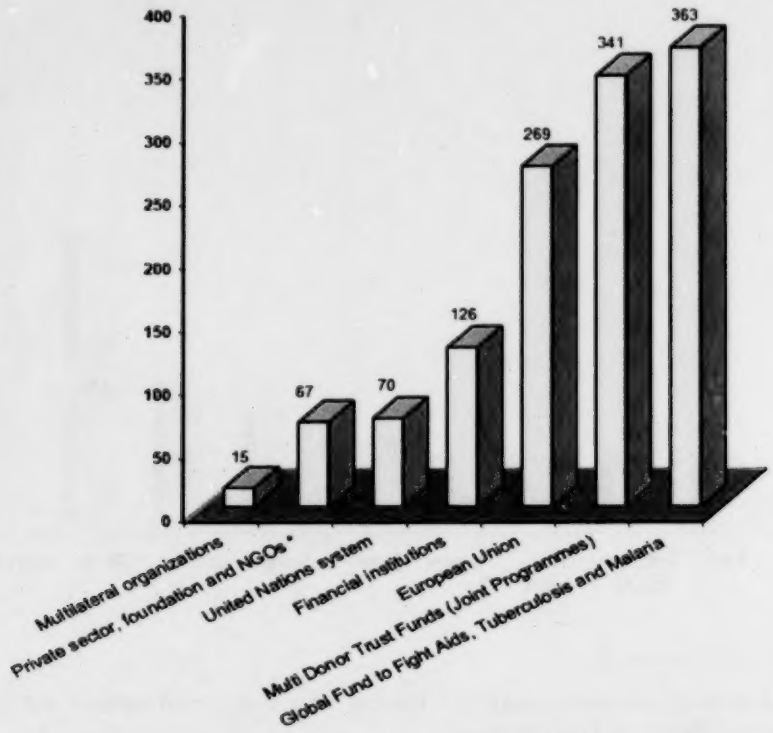
57. Contributions from multilateral resources rose to $1,251 million (2016: $1,245 million), representing 37 per cent (2016: 39 per cent) of cost-sharing contributions.

58. Contributions from the Global Fund amounted to $363 million (2016: $396 million), excluding $21 million received for future programming (2016: $86 million), which will be recognized as contributions in 2018. Contributions from the European Union were $269 million (2016: $336 million). Funds received from the Multi-Partner Trust Fund Office were $341 million (2016: $350 million).

59. Contributions from the private sector, foundations and non-governmental organizations increased by 46 per cent, to $67 million (2016: $46 million). The Global Alliance for Vaccines and Immunization ($10 million), Education Above All-Al Fakhoora ($13 million), and Repsol Exploración Murzuq SA ($11 million) were the top contributors.

60. Total contributions from international and regional financial institutions increased by 35 per cent, to $126 million (2016: $36 million), primarily representing contributions to UNDP for programming in country offices. The World Bank and the Islamic Development Bank were the top contributors, contributing $111 million (2016: $24 million) and $12 million (as in 2016), respectively.

Figure 8. Cost-sharing contributions, multilateral partners, 2017 (in millions of dollars)



*NGOs=Non-governmental organizations

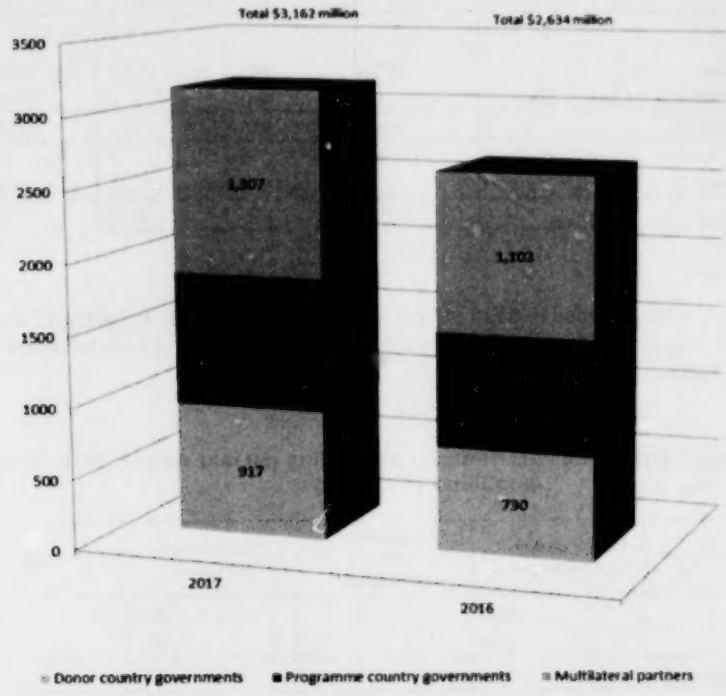
Other revenue

61. Other revenue totalled $5 million (2016: $4 million), which included miscellaneous revenue such as income generated by projects, reimbursements for services, and foreign exchange gains.

B. Expenses

62. Cost-sharing expenses for development activities increased by 20 per cent, to $3,162 million (2016: $2,634 million), of which 29 per cent was funded by donor country governments, 30 per cent by programme country governments, and 41 per cent by multilateral partners.

Figure 9. Breakdown of cost-sharing expenses, 2016-2017 (in millions of dollars)



C. Accumulated surplus

63. The accumulated cost-sharing surplus at 31 December 2017 was $2,921 million (2016: $2,768 million), including $939 million of programme government cost sharing and $124 million of vertical funds. At the time of preparation of this report, 79 per cent of those cost-sharing resources had been programmed for delivery in future years.

VI. Trust funds

64. A trust fund is a co-financing modality established as a separate accounting entity under which UNDP receives contributions to finance its programme activities; it is overseen by a trust fund manager.

A. Revenue

65. Trust fund revenue decreased by 15 per cent, to $828 million (2016: $970 million). The breakdown is shown below.

Table 10. Trust fund revenue, 2016-2017
(in millions of dollars)

Trust funds	2017	2016	Increase/ (decrease)	% change
Revenue				
Contributions	825	973	(148)	(15%)
Transfer of funds and refunds to donors	(11)	(16)	5	(31%)
Contributions, net	814	957	(143)	(15%)
Investment revenue	12	9	3	33%
Other revenue	2	4	(2)	(50%)
Total revenue	828	970	(142)	(15%)

Contributions

66. Contributions dropped to $825 million (2016: $973 million), including $3 million receivable. The decrease was mainly in the GEF, and the Law and Order Trust Fund for Afghanistan.

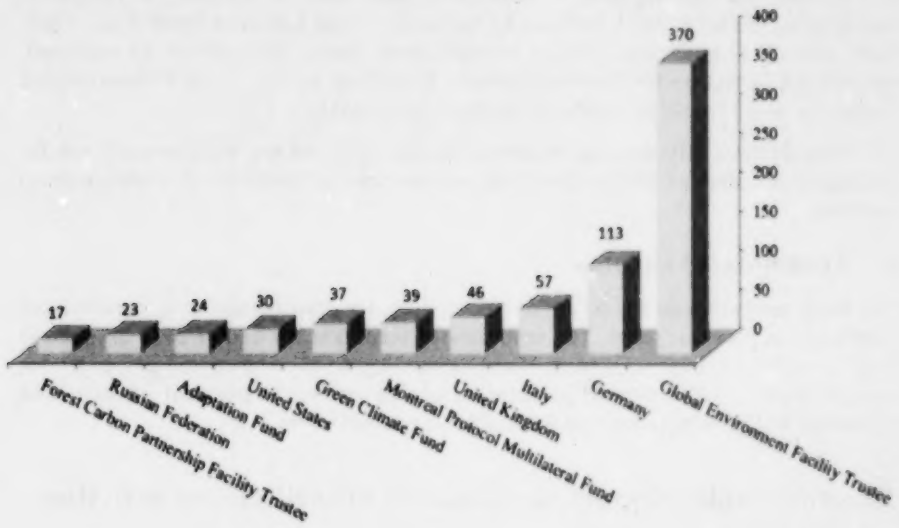
Table 11. Trust fund contributions by funding partner source, 2016-2017
(in millions of dollars)

Year	Donor country governments	Programme country governments	Multilateral partners	Total
2017	320	9	496	825
2016	470	4	499	973
Increase/(decrease)	(150)	5	(3)	(148)
% change	(32%)	125%	(1%)	(15%)

67. Figure 10 presents the top 10 contributions by bilateral governments and multilateral partners to trust funds, which totalled $756 million (2016: $900 million) representing 92 per cent of total trust funds contributions. Of this, $375 million was for the Law and Order Trust Fund and $63 million for the funding windows.

68. Launched in 2016, the funding windows provide pooled, flexible funding mechanisms to support country-level efforts to achieve the sustainable development goals. Of the $63 million contributed, $6 million was for climate change and disaster risk reduction; $20 million for governance for peaceful and inclusive societies; $12 million for emergency development response to crisis and recovery; and $25 million for sustainable development and poverty eradication.

Figure 10. Trust fund contributions, top 10 partners, 2017 (in millions of dollars)



69. Contributions to trust funds from programme country governments totalled $9 million (2016: $4 million). Top contributors were India ($6 million), China ($1 million); Turkey ($1 million), and South Africa ($1 million). This amount comprised $6 million for the promotion of South-South cooperation (India: $5 million, China: $1 million); $2 million for the India, Brazil and South Africa Facility for Poverty and Hunger Alleviation (India and South Africa: $1 million each); and $1 million (Turkey) for private sector development.

Other revenue

70. Other revenue of $2 million (2016: $4 million) consisted of miscellaneous income and gains from foreign exchange rate fluctuations.

B. Expenses

71. Trust fund expenses increased by 3 per cent, to $880 million (2016: $855 million), due mainly to an increase of $43 million for GEF and $11 million for funding windows offset by expense reductions in other trust funds.

Table 12. Trust fund expenses, by cost classification, 2016-2017 (in millions of dollars)

Trust funds	2017	2016	Increase/ (decrease)	% change
Expenses				
Development activities				
Programme	837	819	18	2%
Development effectiveness	43	36	7	19%
Subtotal – development activities	880	855	25	3%
Management activities	-	-	-	-
Total expenses	880	855	25	3%

Development expenses

72. Development activities comprised $837 million for programme activities and $43 million for development effectiveness activities, as follows: development expenses of the GEF, $423 million (48 per cent); of the Law and Order Trust Fund, $331 million (38 per cent); and of thematic trust funds, $26 million (3 per cent), including $14 million for the Environment, $7 million for the Crisis Prevention and Recovery, and $3 million for the Democratic Governance..

73. Development effectiveness expenses for the GEF and the Multilateral Fund for the Implementation of the Montreal Protocol are reported under reimbursable support services.

C. Accumulated surplus

74. Trust funds reported a deficit of $52 million, by drawing upon the accumulated surplus from previous years. The accumulated surplus at the end of 2017 dropped to $1,092 million (2016: $1,144 million), including $583 million (53 per cent) for vertical funds. At the time of preparation of this report, 71 per cent of trust fund resources had been programmed for delivery in future years.

VII. Reimbursable support services and miscellaneous activities

75. Reimbursable support services and miscellaneous activities represent resources from provision of management and other support services to third parties, and include, primarily, the following activities: the Junior Professional Officer programme; UNV; management service agreements; special activities; and cost recovery.

A. Revenue

76. Revenue increased by 17 per cent, to $614 million.

Table 13. Reimbursable support services and miscellaneous activities revenue, 2016-2017 (in millions of dollars)

Reimbursable support services and miscellaneous activities	2017	2016	Increase/ (decrease)	% change
Revenue				
Contributions	93	84	9	11%
NCC* contributions	12	9	3	33%
U-MIC** contributions	9	6	3	50%
Contributions, in-kind and other	-	1	(1)	-
Transfer of funds and refunds to donors	39	(11)	50	-
Contributions, net	153	89	64	72%
Investment revenue	8	6	2	33%
Other revenue	453	430	23	5%
Total revenue before elimination	614	525	89	17%

*NCC=Net contributor country
**U-MIC=Upper-middle-income country

Contributions

77. The contributions of $93 million are shown in table 14, below. The special activities contain $37 million for United Nations development coordination (inclusive of $29 million from United Nations Development Group member organizations), $5 million for support to security from partners, $6 million for the Engagement Facility fund, and $4 million for other special activities.

Table 14. Reimbursable support services and miscellaneous activities contributions, 2017 (in millions of dollars)

	Donor resources			Total resources
	Donor country governments	Programme country governments	Multilateral partners	
Resources:				
JPO* programme	16		-	16
UNV programme	19	1	1	21
Management service agreements	-	1	-	1
Special activities	14	2	36	52
Reimbursable support services	-	-	3	3
Total	**49**	**4**	**40**	**93**

JPO=Junior Professional Officer

78. Net contributor and upper-middle-income programme country governments contributed $21 million to local office costs: 43 per cent in the Arab States region; 40 per cent in the Latin America and the Caribbean region; 14 per cent in the Europe and the Commonwealth of Independent States region; 2 per cent in the Africa region; and 1 per cent in the Asia and the Pacific region.

Other revenue

79. Other revenue increased by 5 per cent, to $453 million (2016: $430 million). Further details of cost-recovery revenue are presented in paragraphs 87-89.

B. Expenses

80. Expenses decreased by 9 per cent, to $601 million (2016: $662 million).

Table 15. Reimbursable support services and miscellaneous activities, expenses by cost classification, 2016-2017 (in millions of dollars)

Reimbursable support services and miscellaneous activities	2017	2016	Increase/ (decrease)	% change
Expenses				
Development activities				
Programme	42	48	(6)	(13%)
Development effectiveness	58	68	(10)	(15%)
Subtotal – development activities	100	116	(16)	(14%)
United Nations development coordination activities	37	36	1	3%
Management activities	242	252	(10)	(4%)
Special purpose activities	51	60	(9)	(15%)
Other activities	171	198	(27)	(14%)
Total expenses before elimination	601	662	(61)	(9%)

Development expenses

81. Development expenses totalled $100 million (2016: $116 million), consisting of $42 million for programme activities and $58 million for development effectiveness.

82. Programme expenses comprised $8 million for management service agreements (2016: $7 million), $23 million for the UNV programme (2016: $30 million) and $11 million for special activities (2016: $11 million).

United Nations development coordination expenses

83. Support to United Nations development coordination activities reached $37 million (2016: $36 million). That included expenses of $6 million utilizing donor resources earmarked for country coordination, and $24 million in resources from United Nations Development Group member organizations in support to the resident coordinator function.

Management expenses

84. Management activities decreased by 4 per cent, to $242 million (2016: $252 million), utilizing cost-recovery resources, due to better attribution of management costs between regular and other resources, and the utilization of prior year accumulated cost-recovery resource balances due to the reduced level of core resources available to fund management expenses.

Special-purpose expenses

85. Special-purpose expenses totalled $51 million (2016: $60 million), representing expenses on reimbursable support service activities.

Other expenses

86. Other expenses totalled $171 million (2016: $198 million). Of this, $91 million was related to staff security on behalf of the United Nations system (funded by the United Nations Department of Safety and Security); $16 million to the Junior Professional Officers programme; $22 million to the UNDP share of common service activities; and $14 million to after-service health insurance.

C. Cost recovery

Cost-recovery policy

87. UNDP made every effort to recover the general management and implementation costs associated with the delivery of other resources-funded programmes and projects and with United Nations entities.

88. Cost-recovery revenue fell by 1 per cent, to $343 million (2016: $346 million), and expenses were $349 million. Table 16 shows the breakdown. The lower revenue reflects a change in mix of resources, where the growth in programme delivery derived from funding sources with lower cost-recovery rates.

Table 16. Cost recovery, 2017
(in millions of dollars)

Cost recovery	Programme and projects	Reimbursable support services	Total
Revenue			
General management/implementation support services	237	-	237
United Nations organizations – reimbursable services	21	32	54
Administrative agent fees	8	-	8
Net contributor country contributions to fund local office costs	21	-	21
Interest	6	-	6
Other	17	-	17
Total revenue	**311**	**32**	**343**
Expenditure			
Total expenditure	**308**	**41**	**349**

89. Following demands from funding partners, six general management support fee waivers were granted in 2017 (DP/2018/19, annex IV). UNDP made every effort to attain full compliance with the cost-recovery rate and seeks to further reduce the number of waivers.

D. Accumulated surplus

90. The accumulated surplus for reimbursable support services and miscellaneous activities at the end of 2017 declined by 20 per cent, to $300 million (2016 restated: $377 million). The decline was due primarily to a $101 million accounting adjustment for an unrealized loss to after-service health insurance.

E. Others

91. Management service agreement contributions were $1 million (2016: $11 million); investment and other revenue, $3 million (2016: $2 million); and refunds to donors and transfers, $7 million (2016: $2 million), exceeding total management service agreement revenue by drawing on accumulated surplus. Total expenses registered $8 million (2016: $7 million), and the accumulated surplus fell to $37 million (2016: $48 million). Details are provided in DP/2018/19/Add.1.

United Nations Volunteers programme

92. In 2017, 6,501 United Nations Volunteers from 159 countries supported partner United Nations entities in their peace and development activities through 6,649 assignments. The financial value of UNV operations amounted to $195 million (2016: $203 million) including support by UNDP regular resources of $8.8 million (2016: $8.5 million). Of this, programme regular resources expenses made directly by the UNV programme through the Special Voluntary Fund, cost sharing, trust funds and full funding arrangements, totalled $23.2 million (12 per cent). The remaining financial value was attributable to direct charges to United Nations organizations.

93. Contributions to the Special Voluntary Fund decreased by 5 per cent to $3.7 million (2016: $3.9 million), reflecting the historical fluctuations of annual

contributions to the fund. Given the critical role of resources from the Fund, the UNV programme continuously seeks to increase contributions to enable it to further explore, expand and strengthen the role of volunteerism in development activities.

94. Contributions (including multi-year contributions) received for fully funded United Nations Volunteers, including contributions for fully funded United Nations Youth and University Volunteers, increased by 116 per cent, to $13.2 million (2016: $6.1 million). UNV continued to diversify its funding sources through various partnership initiatives, revitalize existing partnerships, and broker new ones.

95. On regular resources for institutional activities, UNV received a 5 per cent increase in funding through UNDP regular resources, consisting of $8.8 million (2016: $8.4 million).

96. To improve sustainability, UNV implemented its Transformation Plan and is focusing on volunteer mobilization and prudent financial management. UNV is in urgent need of a stable, predictable level of regular resources to allow it to fulfil its mandate and provide high-quality volunteers to UNDP and other United Nations entities.

United Nations Office of South-South Cooperation

97. In 2017, the United Nations Office for South-South Cooperation supported Member States to make informed policy for South-South engagements based on data, analysis of trends, and knowledge of good practices. It advanced the documentation, showcasing, and exchanging of hundreds of Southern development solutions. It harnessed innovative financing mechanisms to contribute to the achievement of the 2030 Agenda through South-South and triangular cooperation.

98. The Office received from UNDP an institutional budget of $2.6 million and a programme budget of $3.5 million, which were fully expended. Non-core contributions amounted to $10.7 million (United Nations Fund for South-South Cooperation, $3.6 million; India, Brazil and South Africa Facility for Poverty and Hunger Alleviation, $2 million; Perez-Guerrero Trust Fund, $0.1 million; India-UN Development Partnership Fund, $5 million). This represented an increase of $3.7 million in non-core contributions from 2016, explained mostly by the establishment of the India-UN Development Partnership Fund. Non-core expenditures amounted to $6.9 million, an increase of $1.8 million from 2016.

Junior Professional Officers programme

99. Twenty-seven governments have agreements for the provision of junior professional officers, five have agreements for the provision of special assistants to the resident coordinator, and four have agreements for the provision of specialist development programmes. At 31 December 2017, UNDP administered 161 junior professional officers (69 of whom were working with UNDP and affiliated funds and programmes), 22 special assistants to the resident coordinator, and three specialist development programmes.

100. In 2017, total contributions were $17 million, while expenses, including support costs, were $16 million. The accumulated surplus at the end of 2017 was $18 million. UNDP received $16 million from United Nations organizations and partners to administer 92 junior professional officers on their behalf as of end 2017, and $17 million was delivered, including support costs.

Sector budget support

101. In its decision 2008/24, the Executive Board endorsed a pilot allowing financial contributions to pooled funding and sector budget support, on a case-by-case basis and at the request of the recipient country. As previously reported, UNDP was involved in sector budget support in two pooled-fund projects in Burkina Faso, and one programme in Nepal. Those activities ceased in 2016, with no activity in 2017.

VIII. United Nations reform and support to United Nations organizations

102. UNDP coordinates the United Nations system at the country level. Available data indicate that the value of joint programmes, fund flows to multi-donor trust funds, and support to United Nations organizations totalled $1,715 million (2016: $1,532 million).

A. UNDP administrative agent function

103. UNDP supports joint programming through its role in fund design and administration of joint programmes and multi-donor trust funds on behalf of the United Nations system and national governments, and through its programme implementation role as a participating United Nations organization. Contributions received for multi-donor trust funds increased by 17 per cent, to $814 million (2016: $697 million). The growth can be attributed largely to the strong performance of recently established funds, such as the Spotlight Initiative, and to the ongoing humanitarian and climate change portfolios, the Peacebuilding Fund, and a group of funds designed to flexibly "pivot" to meet needs across the humanitarian-development-peace nexus. The net value of funds transferred by the Multi-Partner Trust Fund Office, in its role as administrative agent for all participating organizations, was $605 million (2016: $748 million), including $381 million transferred to UNDP for UNDP programmes (2016: $340 million).

B. Support to United Nations organizations

104. UNDP provides services, on a cost-recovery basis, to United Nations organizations, including peacekeeping missions. The value of funds received from those organizations totalled $896 million (2016: $835 million).

C. United Nations development coordination activities

105. UNDP supports United Nations system and country-level coordination in support of national development. Combined expenses totalled $130 million ($93 million from regular resources and $37 million from reimbursable support services and miscellaneous activities).

D. United Nations-mandated security costs

106. In decision 2013/28, the Executive Board granted the Administrator exceptional authority during 2014-2017, in addition to the approved appropriation from regular resources for the institutional component of the integrated budget of $1,510.4 million, to access up to $30 million in regular resources for security measures. During 2014-2017, $5 million was drawn to respond to the outbreak of Ebola virus disease in West Africa, although none in 2017.

107. The $30 million forms part of a total estimated requirement of $61.4 million in 2016-2017. UNDP spent $30.6 million (2016: $30.8 million), including $25.7 million in other resources (2016: $25.4 million). Of the $30.6 million expended, $20.2 million (2016: $20.5 million) was associated with the UNDP share of the United Nations field security coordination programme; and $10.4 million (2016: $10.3 million) with security assessments and compliance, improvement of premises security, blast and seismic assessments, and office relocations.

IX. 'Greening' UNDP

108. In 2017, UNDP continued to demonstrate its commitment to operational environmental sustainability based on the Executive Group-approved 'Sustainability and Climate Neutrality Plan for Global UNDP Operations'. UNDP continued to be climate neutral in its global operations, procuring Certified Emission Reductions from the Adaptation Fund.

109. UNDP reported its eighth global annual greenhouse gas inventory using data from over 70 UNDP offices, including waste generation data for the first time. A web-based environmental management tool was finalized to provide better analysis and inform decision-making for 'greening' UNDP operations.

110. Measuring energy consumption is a critical first step for detecting opportunities and informing green energy solutions. A power consumption monitoring device was installed in 70 UNDP country offices; a UNDP country office guide to undertaking energy audits and energy efficiency measures was developed; and the UNDP solar electric initiative progressed, adding 3 new photovoltaic systems and generating an estimated 2.427 GWh/year of clean, affordable electricity.

111. UNDP mainstreamed its sustainable procurement approach, delivering $81 million of sustainable procurement volume in 2017.

X. Funds administered by UNDP

United Nations Capital Development Fund

112. In 2017, UNCDF operated in 29 of the 47 least developed countries, leveraging its capital mandate to help them pursue inclusive growth.

113. UNCDF net contributions totalled $57 million, up from $52 million in 2016. The diversification of UNCDF donors remained high, with 38 development partners contributing (compared to 35 in 2016). Contributions included $11.2 million from private sector foundations, corporations and non-governmental organizations, representing 20 per cent of total revenue. The top overall donors to UNCDF were Sweden, the United Nations Multi-Partner Trust Fund, the MasterCard Foundation, Switzerland, the United States of America, the European Union, the Bill and Melinda Gates Foundation, Australia, Belgium and Luxembourg, in that order. Contributions to UNCDF regular resources from donors increased to $9.7 million (2016: $9.4 million). As a result, regular resources contributions remained below the $25 million per year required to sustain UNCDF operations in 40 of the 47 least developed countries as envisaged in the UNCDF strategic framework, 2014-2017.

114. Expenses for development activities, before elimination, totalled $64 million, including programme expenses of $60 million and development effectiveness expenses of $4 million. UNCDF disbursed $19 million in grants, as reflected in expenses. The operational reserve for UNCDF regular and other resources was

$7 million. UNCDF updated its operational reserve to comply with the new methodology approved in decision 2017/22. With effective management of available resources, UNCDF delivered its planned development, management and financial results while sustaining its liquidity.

115. The $64 million expenses excluded $2.7 million in the UNDP institutional budget and $0.7 million of UNDP programme support that were set aside for UNCDF management and technical expenditures, respectively. The amounts were expended by UNCDF, but were recorded and reported by UNDP.

United Nations DP/2018/20

Executive Board of the United Nations Development Programme, the United Nations Population Fund, and the United Nations Office for Project Services

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Item 2 of the provisional agenda
Structured funding dialogue

Status of regular resources funding commitments to the United Nations Development Programme and its associated funds and programmes for 2018 and onward

Summary

This report presents the status of regular and other resources funding commitments for 2018 and onward, as well as a summary of the contributions to regular and other resources received in 2017 for the United Nations Development Programme (UNDP), the United Nations Capital Development Fund (UNCDF) and the United Nations Volunteers programme (UNV).

In 2017, total contributions to UNDP increased by 1 per cent, to $4.915 billion, from $4.866 billion in 2016. Contributions to regular resources, however, decreased by 1 per cent, to $612 million, from $618 million in 2016. Fifty-four partners contributed to regular resources in 2017, one more than the 53 in 2016, including a first-time private sector partner. Other resources contributions increased by 1 per cent, to $4.303 billion, from $4.248 billion in 2016. The ratio of regular to other resources fell to 12:88 from 13:87 in 2016.

As presented in the integrated resources plan for 2018-2021, 2018 regular resources are estimated at $630 million, an increase of $18 million from the 2017 level. Regular resources allow UNDP to deliver integrated responses to those most in need, ensure global development effectiveness, make strategic choices and investments, and ensure organizational stability. As of June 2018, UNDP had received $199 million, or 32 per cent of the regular resources target for 2018.

UNCDF net contributions reached $57 million in 2017, up from $52 million in 2016.

The financial value of UNV operations in 2017 amounted to $195 million, including UNDP regular resources support of $8.8 million.

Elements of a decision

The Executive Board may wish to:

(a) take note of documents DP/2018/19, DP/2018/19 Add.1, and DP/2018/20;

(b) note the importance of regular resources, which remain the bedrock of UNDP support to programme countries, particularly the poorest and most vulnerable, and low-income countries;

(c) recall the importance of funding predictability, and urge Member States to prioritize regular resources for 2018, and multi-year pledges, given that further reductions in regular resources risk jeopardizing the ability of UNDP to achieve planned strategic results;

(d) recall its decision 2013/30 and urge all programme countries to meet their obligations with respect to government local office costs;

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(e) urge Member States to continue their dialogue with UNDP through structured funding dialogues on shifting from highly earmarked to regular resources, or flexible other resources; and

(f) note the importance of regular resources for UNCDF and its impact on the least developed countries served, its capacity to drive innovation and capital investment flexibility; and for UNV promoting peace and development through volunteerism – both valuable United Nations system-wide assets administered by UNDP.

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I. Introduction

1. This report provides an overview of funding trends from 2014 to 2017, the status of contributions received in 2017, and the status of regular resources funding commitments for 2018 and onward[1]. It also covers ongoing efforts by UNDP to increase regular resources, shift from highly earmarked to less earmarked other resources, and broaden the donor base.

2. In its decision 2017/20, the Executive Board emphasized that regular resources, because of their untied nature, are the bedrock of UNDP and essential to maintaining the multilateral, neutral and universal nature of its mandate. The Board reiterated the need for UNDP to address the imbalance between core/regular and non-core/other resources, and urged UNDP to take a proactive role by engaging in strategic financing dialogues with Member States and other funding partners to diversify sources of funding, especially core funding, in line with General Assembly resolution 71/243.

3. The report also provides information on the status of funding for UNCDF and UNV.

II. Overall resource trends and update on 2017 performance

A. Total contributions to UNDP

4. Total contributions amounted to $4.915 billion in 2017, compared to $4.866 billion in 2016, an increase of 1 per cent. The ratio of regular to other resources fell to 12:88, from 13:87 in 2016.

5. From 2014 to 2017, total contributions increased by 4 per cent, from $4.715 billion in 2014 to $4.915 billion in 2017, as shown in figure 1.

6. Between 2014 and 2017, the funding composition by type and source was shifting. Of total contributions received in 2017, 42 per cent were funded by donor country governments (down from 46 per cent in 2014); 22 per cent by programme country governments (up from 19 per cent in 2014); 17 per cent by vertical funds (up from 16 per cent in 2014); 7 per cent by United Nations pooled funding (up from 6 per cent in 2014); 5 per cent by the European Union (down from 8 per cent in 2014); and 7 per cent by the private sector, foundations, financial institutions, non-governmental organizations and other multilateral organizations combined (up from 5 per cent in 2014). Figure 2, below, shows the overall resource trend by funding sources.

[1] Pursuant to Executive Board decision 98/23

Figure 1. Contributions by resource type, 2014-2017

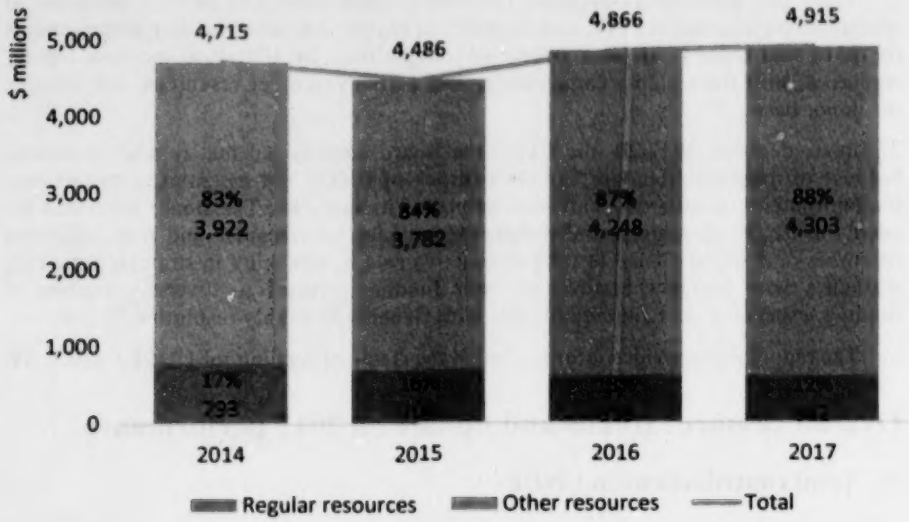
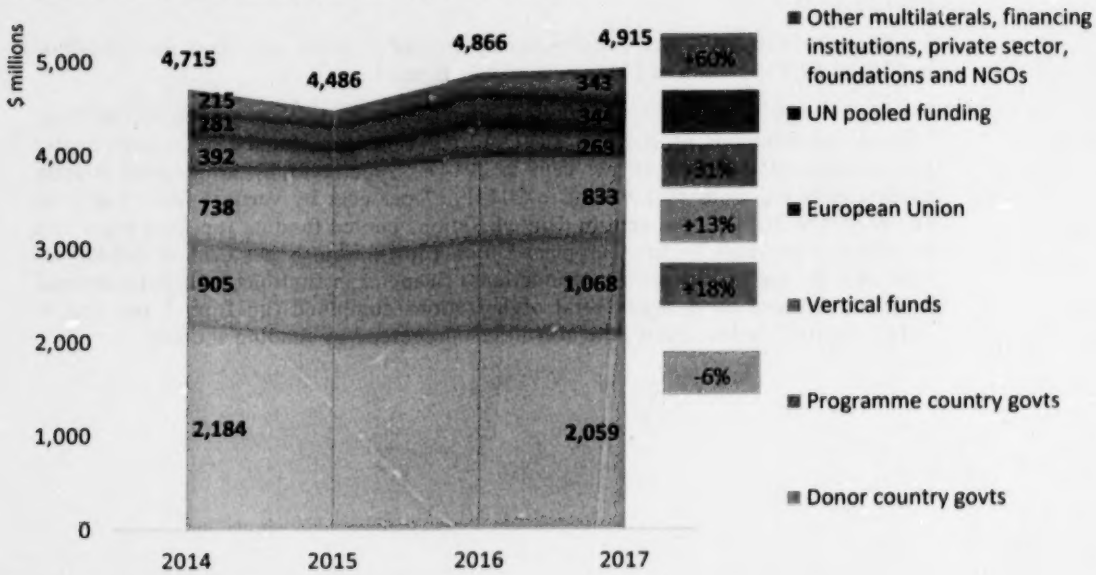


Figure 2. Contributions by partner type, 2014-2017



NGO=non-governmental organization

B. Contributions to UNDP regular resources

7. Numerous decisions of the Executive Board[2] stress the importance of regular resources to UNDP, as they remain the bedrock of the organization and constitute a pillar of support to respond to the needs of all programme countries, particularly the poorest

[2] Decisions 98/23 and 99/1 and 23, reaffirmed in decisions 2002/9 and 2002/18, 2003/24, 2004/14, 2005/20, 2006/24, 2007/17, 2008/16, 2009/10, 2010/14, 2011/15, 2012/10, 2013/13, 2014/24, 2015/16, 2016/16 and 2017/20

and most vulnerable. The ability of UNDP to support country implementation of the 2030 Agenda for Sustainable Development, and to deliver on its Strategic Plan results, depends on adequate regular and other flexible resources and a diversified funding base.

8. Regular resources enable UNDP to support national priorities in a strategic and predictable manner. The flexibility of regular resources allows UNDP to focus the allocation of regular programme resources to low-income and least developed countries; respond in a timely and effective manner to crisis situations; provide a programmatic support platform to assist governments in addressing their development challenges; strengthen gender equality and the empowerment of women and girls; invest in systems of accountability, transparency and quality assurance; and leverage additional development financing. For every dollar received in regular resources during 2014-2017, UNDP country offices in-low-income countries mobilized $7 in other resources, while country offices in middle-income countries mobilized $32.

9. Since 2014, contributions to regular resources have declined by 23 per cent, or $181 million. Compared to 2016, contributions in 2017 decreased by 1 per cent, to $612 million, from $618 million in 2016, showing signs of relative stability.

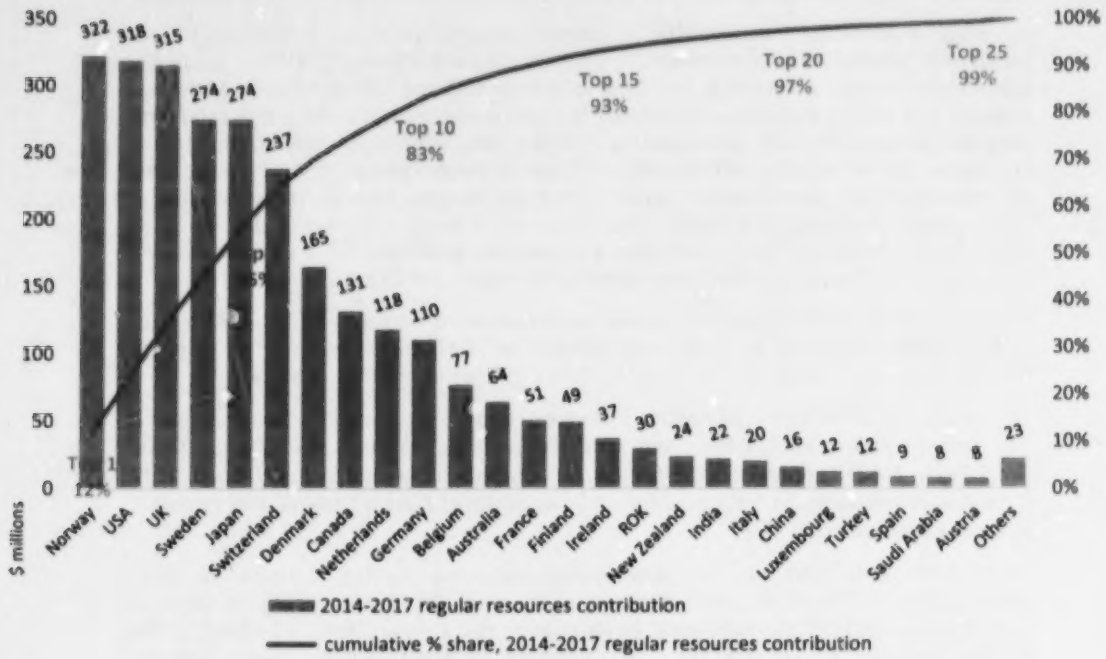
10. In 2017, UNDP received regular resources contributions from 53 Member States, one private sector contributor, and from individuals, through the Digital Good programme. UNDP appreciates the increased contributions to regular resources in 2017 from the Governments of Sweden, Japan, the Republic of Korea, Estonia, and Pakistan, in order of contribution size.[3]

11. Contributions from the 10 largest contributors to regular resources in 2017 amounted to $527 million, or 86 per cent of the total. They were made (in order of contribution size) by the following governments: the United States of America, the United Kingdom of Great Britain and Northern Ireland, Sweden, Japan, Norway, Switzerland, Canada, the Netherlands, Germany and Denmark. The Governments of India, China, Turkey, Saudi Arabia and Russian Federation maintained their contributions of over $1 million each to regular resources in 2017.

12. In multiple decisions, the Executive Board has recognized that a limited number of Member States contribute to UNDP regular resources and requested UNDP to continue exploring incentives and mechanisms to broaden the donor base, and to support donors in increasing their regular resources contributions. Figure 3 shows the top 25 contributors to regular resources from 2014 to 2017, with contributions from the top 5 and the top 15 donors accounting for 55 and 93 per cent of total regular resources, respectively.

[3] The additional tranche from India, received in and recorded as a 2017 contribution, was intended for 2016.

Figure 3. Top 25 contributors to regular resources, 2014-2017



13. In its decision 2017/20, the Executive Board requested UNDP to continue the dialogue with programme countries with respect to fulfilling their government contributions to local office costs. Government cash contributions to local office costs decreased by 32 per cent to $19 million (2016: $28 million), with the 10 largest contributions coming from the Governments of Sri Lanka, Lebanon, the Philippines, Bosnia and Herzegovina, Fiji, Angola, Côte d'Ivoire, South Africa, Algeria and Serbia, in that order. Contributions to local office costs from net contributor programme country governments increased by 33 per cent, to $12 million (2016: $9 million), and upper-middle income programme country government contributions to local office costs increased by 50 per cent, to $9 million (2016: $6 million). Total in-kind contributions from governments reached $16 million (2016: $19 million).

14. While UNDP responded to reductions in regular resources with increased institutional efficiency and economy measures, regular resources remain vulnerable to volume reductions and exchange rate fluctuations. UNDP continues to adapt to fluctuations in funding, although reductions in regular resources jeopardize its ability to achieve planned results, ensure global development effectiveness and make strategic choices and investments.

WHY REGULAR RESOURCES ARE IMPORTANT

Regular resources pay for the essential features that define UNDP: a global network, open to all; commitment to the poorest and those in crisis; and a convening force to anchor the integrated, multi-stakeholder approach inherent in the new United Nations development system.

All UNDP operations, supporting the 2030 Agenda and implementing the Strategic Plan, are built on the strong, sustainable foundation that regular resources provide. Regular resources sustain the multilateral, universal character of UNDP, available to all eligible countries that request support in line with their national priorities.

65 per cent of regular resources funding is spent on programmes

- *Focusing on the poorest.* Eighty-five to 91 per cent is spent in low-income countries and at least 60 per cent in least developed countries.
- *Responding to crisis.* Enables UNDP to respond rapidly to the development needs of countries affected by conflict or crisis, with policy advice, technical expertise and catalytic programmatic funding.
- *Inter-agency collaboration to reach the sustainable development goals.* Seed funding to develop multi-agency/multi-partner development solutions, reaching beyond UNDP to maximize impact on the ground and deliver greater returns to regular resources contributors
- *Providing shared assets to the United Nations system.* Administering or hosting UNCDF, UNV and the United Nations Office for South-South Cooperation
- *Mobilizing financing for the sustainable development goals.* New services and products to unlock some of the trillion dollars needed to reach the goals by 2030

35 per cent of core funding is spent on institutional effectiveness

- *Development effectiveness.* Quality assurance, thought leadership and innovation allow UNDP to test, replicate and scale up new approaches, measure impact, and change course where necessary.
- *Independent oversight.* Audit, monitoring and evaluation, and ethics oversight, transparency and accountability measures guarantee the quality and integrity of UNDP's work and help deliver maximum value for every dollar contributed.

C. Contributions to UNDP other resources

15. Other resources are earmarked to specific themes, programmes or projects, and represent a critical complement to the regular resource base. Total other resources contributions from cost sharing, trust funds, reimbursable support services and miscellaneous activities amounted to $4.303 billion in 2017 (1 per cent greater than the $4.248 billion received in 2016). Of this, $1.464 billion was from donor country governments (a 2 per cent decrease from 2016), $1.051 billion from programme country governments (a 7 per cent increase from 2016), and $1.788 billion from multilateral partners (a 1 per cent increase from 2016). Table 1, below, shows the figures in detail.

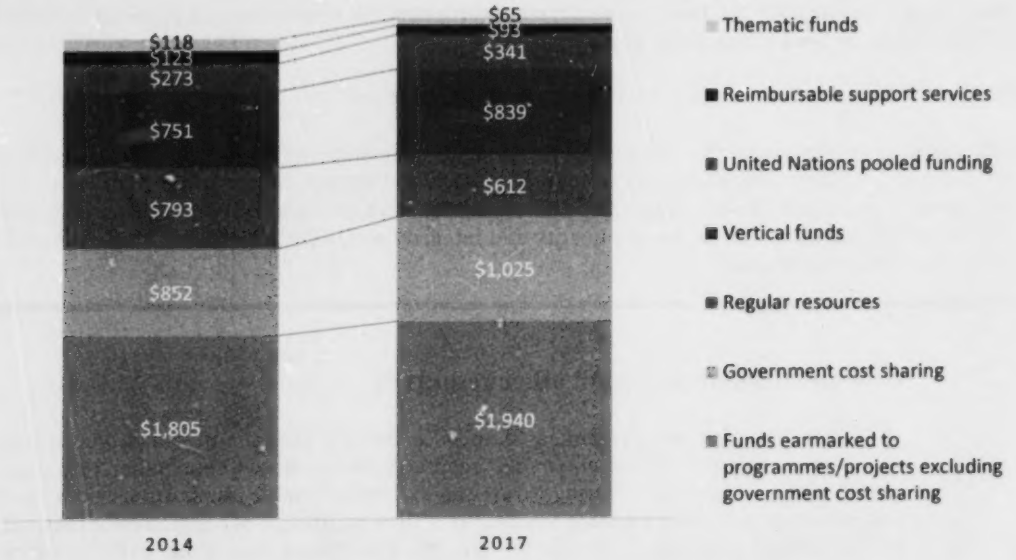
Table 1. Other resources contributions by partner type, 2016-2017 (in $ millions)

Year	Donor country governments				Programme country governments				Multilateral partners				Total
	Cost sharing	Trust funds	RSS	Subtotal	Cost sharing	Trust funds	RSS	Subtotal	Cost sharing	Trust funds	RSS	Subtotal	
2017	1,096	320	48	1,464	1,038	9	4	1,051	1,251	496	41	1,788	4,303
2016	982	470	37	1,489	964	4	13	981	1,245	499	34	1,778	4,248
$ change				-25				70				10	55
% change				-2%				7%				1%	1%

RSS=reimbursable support services and miscellaneous activities

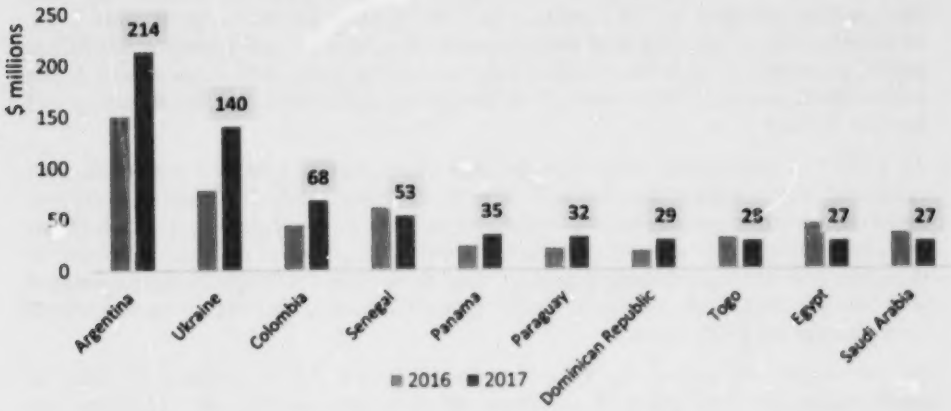
16. While increases in the amount of other resources enabled UNDP to deliver more development projects for partners, it exacerbated the imbalance between regular and other resources as the share of flexible funding continued to decline. For instance, between 2014 and 2017, while most earmarked funding channels increased, particularly United Nations pooled funding (up 25 per cent) and government cost sharing (up 20 per cent), regular resources and thematic funding declined by 23 and 45 per cent, respectively, as shown in figure 4 below.

Figure 4. Contributions by funding channels, 2014 and 2017 (in $ millions)



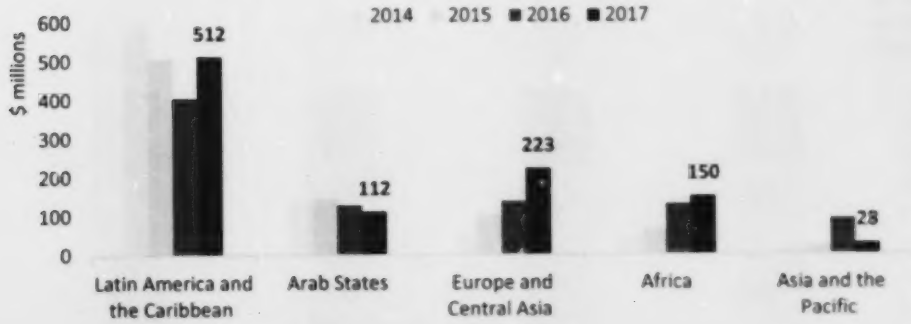
17. In its decision 2016/16, the Executive Board recognized that government cost sharing constitutes a voluntary funding mechanism that strengthens national ownership while contributing to the achievement of country programmes. In 2017, of the $1.051 billion total contributions to other resources from programme country governments, $1.025 billion went to programmes or projects in their own countries (a 15 per cent increase, from $892 million in 2016). Figure 5 shows the top 10 contributors to government cost sharing in 2017. Although Member States from Latin America and the Caribbean contributed 56 per cent of total government cost sharing in 2017, Member States from other regions (such as Ukraine, Kuwait, Zimbabwe and Zambia, in that order) increased their contributions in 2017.

Figure 5. Top 10 contributors to government cost sharing, 2017



18. Figure 6, below, shows an increasing trend in government cost-sharing contributions from Europe and the Commonwealth of Independent States (CIS) and Africa, and a decline in the Arab States. In 2017, government cost sharing from Latin America and the Caribbean increased by 27 per cent, to $512 million (2016: $404 million); Europe and the CIS increased by 61 per cent, to $223 million (2016: $138 million); Africa increased by 16 per cent, to $150 million (2016: $130 million); the Arab States decreased by 13 per cent, to $112 million (2016: $128 million); and the Asia and the Pacific region decreased by 69 per cent, to $28 million (2016: $92 million).

Figure 6. Government cost sharing, by region, 2014-2017



III. The 2018 outlook and predictability

19. General Assembly resolution 71/243 on the quadrennial comprehensive policy review of operational activities for development of the United Nations system, as well as Executive Board decisions, continue to urge contributors to maintain and substantially increase their voluntary contributions to regular resources, and to contribute on a multi-year basis, in a sustained, timely and predictable manner, to the United Nations development system, particularly to its funds, programmes and specialized agencies. General Assembly resolution 72/279, on repositioning the United Nations development system, took note of the Secretary-General's proposals to

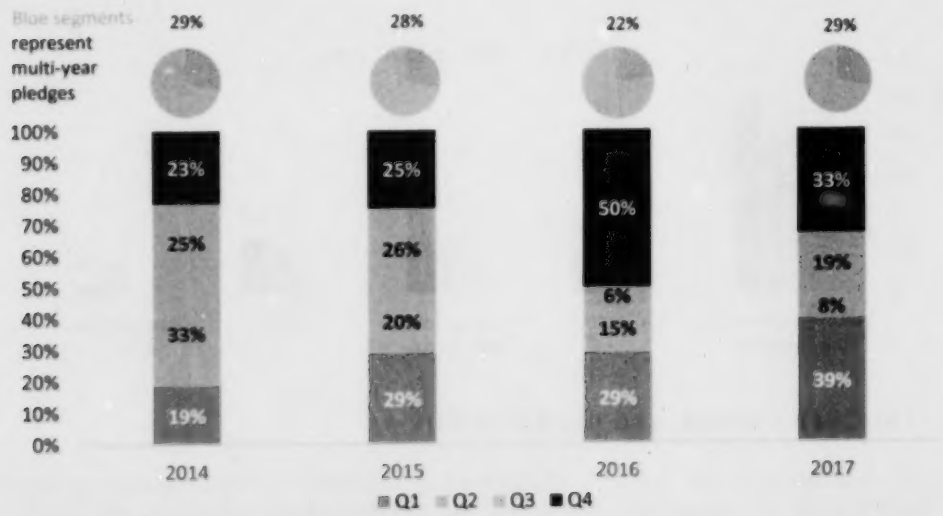
bring regular resources to a level of at least 30 per cent of total funding in the next five years.

20. As presented in the integrated resources plan, 2018-2021, contributions to regular resources were estimated at around $630 million in 2018, 3 per cent higher than the $612 million received in 2017, and up to $700 million by 2021. As of June 2018, 38 Member States had indicated their commitments, and 23 had already made full or partial payments towards their 2018 pledges, totalling $205 million, as shown in the statistical addendum. UNDP appreciated the increased contributions from Norway and Sweden in 2018.

21. UNDP is determined to reverse the downward trend in regular resources with continued support from current and new contributing partners, focusing resource mobilization efforts on articulating integrated responses to development through global and country support platforms; enhancing the visibility of Member State contributions to regular resources; conducting high-level engagements and strategic funding dialogues with Member States; and providing an integrator function in support of country efforts to implement the 2030 Agenda.

22. In various decisions, the Board has emphasized the importance of funding predictability and early payment to ensure effective programming and avoid liquidity constraints in regular resources. However, only a limited number of Member States share their payment schedules in advance. As shown in figure 7 below, in 2016 and 2017, 50 and 33 per cent, respectively, of total contributions were received in the last quarter, and less than 50 per cent were received in the first half the year. Annual contributions backed by multi-year commitments have made up less than 30 per cent of the total since 2014.

Figure 7. Contributions to regular resources by quarter and share of multi-year pledges, 2014-2017
(in $ millions)



23. UNDP notes with appreciation the efforts of Member States that have paid their contributions early and in full, communicated their payment schedules, made multi-year pledges and resumed their contributions or contributed to regular resources for the first time. Member States that have not already done so are encouraged to inform UNDP of

their intended payment schedules and to adhere to them. Predictability is essential for UNDP to strategically plan for the effective use of resources entrusted to it.

24. UNDP values the new and existing multi-year commitments from the partners listed in table 2, below.

Table 2. Multi-year pledgers to regular resources

Australia (2016-2019)
Belgium (2017-2020)
Canada (2016-2018)
Denmark (2017-2020)
New Zealand (2016-2018)
Sweden (2018-2019)

25. With respect to other resources, as of June 2018 UNDP had received $1.884 billion, including contributions from vertical funds and United Nations pooled funds. By the end of 2018, UNDP expects to receive close to $800 million from the Global Environment Funds (including the Green Climate Fund), the Global Fund to Fight AIDS, Tuberculosis and Malaria, and the Multilateral Fund for the Implementation of the Montreal Protocol. In 2017, total contributions from vertical funds amounted to $833 million.

IV. Shifting from highly earmarked to less earmarked other resources

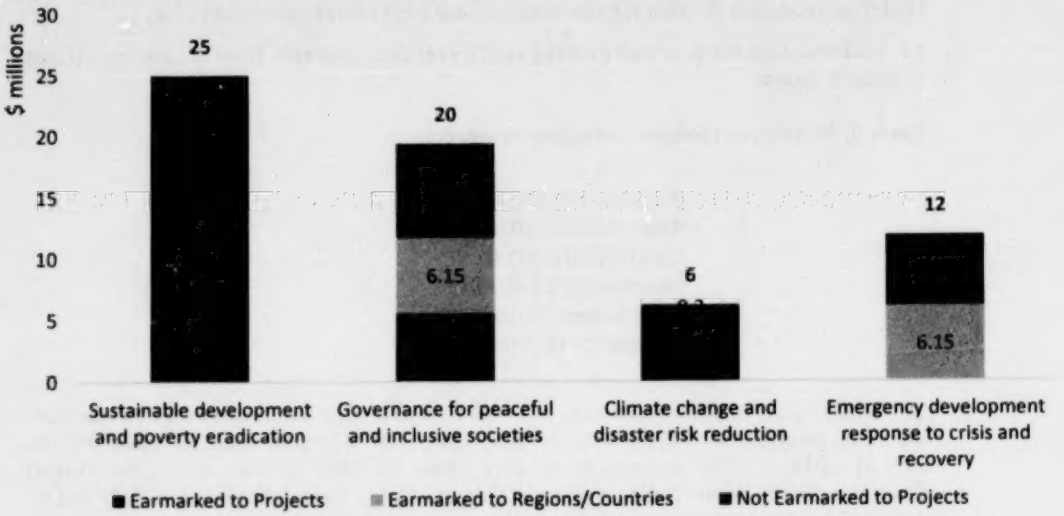
26. General assembly resolution 71/243 urges Member States and other contributors providing non-core contributions to make them more flexible and aligned to the UNDAF and to the strategic plans of funds, programmes and specialized agencies.

27. The funding windows, launched in 2016, were designed to encourage a shift to less earmarked, more integrated and flexible funding, by allocating resources to critical or emerging needs at national, regional and global levels, and to support country-level efforts to achieve the sustainable development goals.

28. In 2017, total contributions to the funding windows increased by 70 per cent to $63 million ($6 million for climate change and disaster risk reduction; $20 million for governance for peaceful and inclusive societies; $12 million for emergency development response to crisis and recovery; and $25 million for sustainable development and poverty eradication) from $37 million in 2016. UNDP thanks the following partners who contributed in 2017: Germany, Denmark, Norway, Sweden, the Republic of Korea, Luxembourg, Switzerland and Portugal, in that order.

29. While contributions to the funding windows increased in 2017, figure 8, below, shows that only 24 per cent of total contributions were un-earmarked. Fifty-six per cent were earmarked to global projects, while the remaining 20 per cent were earmarked to regions or countries.

Figure 8. Contributions to funding windows by level of earmarking, 2017



30. As of June 2018, commitments to the funding windows of $31 million had been secured, of which UNDP has received $19 million from Denmark, the Republic of Korea and the Slovak Republic, in that order.

31. Since the launch of the funding windows in 2016, UNDP has not been able to reach the level of funding previously received by UNDP's thematic trust funds, as represented by the 2014 total shown in Figure 4. UNDP is working with Member States to adapt the funding windows mechanism to ensure alignment with the Strategic Plan, 2018-2021, develop incentives to encourage contributions at levels similar to previous years, and to shift to less earmarked, more flexible funding.

V. Diversifying partnerships

32. In its decision 2017/20, the Executive Board urged UNDP to take a more proactive role by engaging in strategic financing dialogues with Member States and other funding partners, in line with General Assembly resolution 70/224 on global partnerships, with a view to diversifying potential sources of funding.

33. In 2017, UNDP received $74 million from private, foundation and non-governmental partners, a 46 per cent increase from 2016, including a $1 million contribution to regular resources from the largest bicycle-sharing platform in the world. Beyond financial contributions, UNDP continues to collaborate with the private sector on innovative partnerships at country, regional and global levels, towards achievement of the sustainable development goals.

34. UNDP is advancing its long-standing partnership with the Ikea Foundation in India, working with local partners to provide employment and entrepreneurship opportunities to one million women. With a total budget of $12 million, this innovative partnership works as a catalyst to provide skills and employment to empower women, making them economically self-sufficient and leading to improvements in the socio-economic status of their families. The initiative brings together diverse partners, including government, businesses, training institutions, and civil society, at key stages in the value chain, enabling women to secure employment or start their own enterprises.

35. To help leverage private finance for the sustainable development goals, UNDP formed a partnership with the Trine impact investment platform to promote affordable and sustainable energy solutions in rural communities in Sub-Saharan Africa, scaling up private investment in high-impact energy access projects. With an initial focus on Kenya (subsequently expanded to Nigeria, Rwanda, Tanzania and Zambia), the initiative is expected to unlock investments of six million Euros in off-grid solar energy by the end of 2018, providing 300,000 people with access to clean and affordable energy while mitigating approximately 84,000 tons of carbon dioxide emissions. UNDP assesses and monitors the impacts of projects using its climate action impact tool, which allows investors to quantify and track the social and environmental impacts of their investments so as to make informed decisions.

36. In 2017, UNDP and other United Nations organizations partnered with Microsoft to create jobs for communities affected by the Syria crisis. Similarly, UNDP collaborated with IBM on 'IBM Digital – Nation Africa', which provides a cloud-based learning platform designed to provide, over five years, free skills development programmes for up to 25 million African youths, enabling digital competence and nurturing innovation in Africa. UNDP also partnered with the GSMA Mobile for Development Foundation to harness the power of mobile technology to accelerate implementation of the sustainable development goals.

37. UNDP helped countries mobilize significant investment towards the sustainable development goals, including from private sector. Building on its experience and best practices, UNDP worked with partners such as UNCDF to leverage private capital for the goals.

38. UNDP increased its engagement with international financial institutions to advance cooperation and provide support to governments seeking new and innovative sources of funding and financing. Following the launch of new action plans with the Islamic Development Bank (IDB) Group and the European Investment Bank in 2016, new action plans were launched in 2017 with the Council for Europe Development Bank, the Development Bank of Latin America, and the European Bank for Reconstruction and Development, and a joint statement of action with the China Development Bank.

39. The action plans have helped promote new engagement at the country level. For example, in Armenia, a UNDP-European Investment Bank partnership, with funding from the Green Climate Fund, is helping to create a favourable market environment and a scalable business model for investments in energy efficiency retrofits, expected to lead to sizeable energy savings, greenhouse gas emissions reductions, and green job creation. The project will directly benefit over 200,000 people and catalyse private and public-sector investments of approximately $100 million. In Latin America, UNDP and the Development Bank of Latin America launched a regional project to be implemented in Argentina, Ecuador and Peru promoting national policies and programmes to address gender-based violence.

40. UNDP is also scaling up its engagement with the World Bank Group on sustainable development goals acceleration, leveraging climate finance and preventing and responding to crises. In Yemen, for example, UNDP received a $300 million World Bank International Development Association grant for a three-year project (2016-2018) to provide short-term employment and restore basic services.

41. UNDP is working on new action plans with the African Development Bank (ADB), the Asian Development Bank, and the International Fund for Agricultural Development. To facilitate operational collaboration at the country level, new financial agreements have been developed with ADB, IDB, the World Bank, the Caribbean Development Bank and the Inter-American Development Bank.

42. In 2017, contributions to UNDP from international financial institutions increased by 69 per cent to $284 million compared to 2016 contributions ($168 million). This total

includes direct grants from the World Bank and IDB, among others, and contributions from the KfW Development Bank (which are reflected in the contributions of Germany to UNDP); as well as indirect contributions to support loan implementation through government cost sharing.

43. Strengthening UNDP engagement with international financial institutions helps governments leverage funding from a wider range of sources for greater development impact. Part of this effort includes developing an institutional approach to accessing and applying Islamic finance to the sustainable development goals.

44. The present UNDP funding composition remains a concern, with other resources at 88 per cent of total funding and regular resources at 12 per cent. UNDP will accelerate engagement with its partners to increase the share of regular resources in order to leverage other resources, while expanding partnerships with the private sector and international financial institutions to help programme countries access development financing; maintain its market share of vertical and multilateral funding; support the United Nations development system; and adhere to the differentiated cost recovery rates approved by the Executive Board.

VI. The United Nations Capital Development Fund and the United Nations Volunteers programme

United Nations Capital Development Fund

45. In 2017, net contributions received by UNCDF reached $57 million, up from $52 million in 2016. The diversification of UNCDF donors remained high, however, with 38 development partners contributing in 2017 (compared to 35 in 2016). In addition, UNCDF received $2.7 million from the UNDP institutional budget and $0.7million from UNDP programme support to cover management and technical expenditures, respectively. These amounts were expended by UNCDF and reported by UNDP.

46. Contributions in 2017 included $11.2 million from private sector foundations, corporations and non-governmental organizations, representing 20 per cent of total revenue. The top overall donors to UNCDF were Sweden, the United Nations Multi-Partner Trust Fund, the Mastercard Foundation, Switzerland, the United States of America, the European Union, the Bill and Melinda Gates Foundation, Australia, Belgium and Luxembourg (in that order).

47. In 2017, contributions to UNCDF regular resources from donors increased to $9.7 million (2016: $9.4 million). The top regular resources donors to UNCDF were the governments of Sweden, Switzerland, Australia, Luxembourg, Norway, the United States of America, Austria, China, and Liechtenstein. The governments of Bhutan, Thailand, the Lao People's Democratic Republic and Viet Nam also supported UNCDF through regular resources contributions.

48. Regular resources remain the foundation for the UNCDF business model, providing the risk capital for innovation and leverage, the technical expertise to remain at the frontiers of last-mile finance innovation, and the robust country presence needed to be a strategic partner to governments and United Nations country teams and ensure a strategic, rather than fragmented, country-level engagement.

49. Despite increased donor diversification in recent years, UNCDF continues to be dependent on a limited number of donors for contributions to regular resources. Regular resources contributions remain short of the $25 million annual target required to extend UNCDF operations to 40 of the 47 least developed countries, as envisaged in the UNCDF Strategic Framework, 2018-2021. This consistent shortfall strains the ability of the Fund to innovate. Its country presence has dropped to 29 least developed countries

in 2017 against the 40 projected in the Strategic Framework, and that number is at risk of further reduction.

50. Other resources reached $47.4 million in 2017, an increase of 3 per cent from 2016. Other resources increased steadily over the past 10 years (from $13 million in 2006), and are expected to continue to grow in 2018.

51. With its capital mandate and instruments, UNCDF offers 'last-mile' finance models through financial inclusion and localized investments that unlock public and private resources, especially at the domestic level, to reduce poverty and support local economic development. Using grants, soft loans, targeted credit increases, and innovative business and public-private partnerships, UNCDF tests financial models to show how strategically placed official development assistance can drive domestic resource mobilization for local economic development and financial inclusion. UNCDF innovations, blended finance approaches and 'last-mile' finance models are relevant for the implementation of the 2030 Agenda, the Addis Ababa Action Agenda, and the Istanbul Programme of Action, as well as the Paris Agreement on climate change.

United Nations Volunteers programme

52. In 2017, the fourth and last year of the implementation of the UNV Strategic Framework, 2014-2017, the total financial volume amounted to $194.9 million, of which $179.8 million were programme resources – including funds from United Nations entities for the recruitment of volunteers – and 5 per cent of programme resources were financed from the Special Voluntary Fund.

53. Partner contributions continued to be critical to delivering the UNV mandate to promote peace and development through volunteerism and through the deployment of United Nations Volunteers. During the second regular session 2017 of the UNDP/UNFPA/UNOPS Executive Board, Member States welcomed the UNV proposal to flexibilize the Special Voluntary Fund, allowing UNV to better deliver results by financing all elements of the Strategic Framework, 2018-2021.

54. The Special Voluntary Fund is an open non-earmarked trust fund that relies on contributions from United Nations Member States and other partners and enables UNV to pilot and deploy volunteer solutions to the world's pressing development and peace challenges. Although modest, the fund is of critical importance, and its flexibilization has enabled the UNV programme to make more efficient use of its budget in line with United Nations reform and the quadrennial comprehensive policy review. UNV will continue cultivating United Nations partnerships that allow it to provide tailored, innovative and flexible volunteer solutions to United Nations partner operations and programmes on the ground and deepen the integration of volunteerism for peace and development, with the use of the Special Voluntary Fund and fully funded United Nations Volunteers. The fund gives volunteerism a role in some of the most innovative United Nations development and peace policies and programmes to improve people's lives, in line with the 2030 Agenda for Sustainable Development.

55. Despite is importance, contributions to the Special Voluntary Fund decreased by 5 per cent (from $3.9 million in 2016 to $3.7 million in 2017), reflecting the historical fluctuations of annual contributions to the fund. However, since 2007, fluctuations have indicated a challenging trend of progressively decreasing contributions. It is expected that the increased flexibility of the fund will allow new financing partners to support UNV in sustaining its operations and programmes.

56. UNV is strengthening its relationships with Member States that have contributed to the Special Voluntary Fund in past years, and seeks to gain the support of additional Member States and other partners.

57. At the same time, contributions (including multi-year contributions) received for fully funded United Nations Volunteers, including contributions for United Nations

Youth and University Volunteers, increased from $6.1 million in 2016 to $13.2 million in 2017. UNV continued to diversify its partnerships, developing and implementing new partnerships with Member States and partners from the global South, among others. Through these new programmes, UNV continues positioning itself as a key actor in fostering South-South and triangular cooperation.

58. UNV received funding for institutional activities through UNDP regular resources. In 2017, this amounted to $8.8 million, a 5 per cent increase from $8.4 million in 2016. UNV notes that it needs a stable and predictable level of UNDP regular resources to fulfil its mandate and provide high-quality volunteers and innovative, cost-effective solutions to UNDP and other United Nations entities. With the transformation process, UNV has streamlined programming on volunteer advisory services and has simplified business processes to enhance its efficiency and financial sustainability. UNV has further strengthened its capacity at the regional and country levels and further empowered staff through a devolution of decision-making. UNV has improved its responsiveness to partner needs through decentralized, more dedicated partner functions.

VII. Conclusion

59. UNDP is funded from a variety of sources – Member States, multilateral partners, non-governmental organizations, private philanthropic actors, and financial institutions – and continues to value all types of funding that allow the organization to deliver on its commitments. The ability of UNDP to perform at a high level is nevertheless heavily reliant on regular resources, not least because they form the pillar of its support to the world's poorest countries.

60. Regular resources provide for the most effective delivery of transformational results; support the most vulnerable; promote equity; enable a prompt response to crises; and help promote the coherence of the United Nations development system. Declining regular resources make it difficult for UNDP to implement its programmes effectively and achieve its strategic priorities.

61. UNDP has continued to respond to reductions in regular resources with institutional efficiency and economy measures. However, further reductions will jeopardize its ability to achieve planned strategic results and will pose serious organizational risks to its institutional capacity for quality assurance, monitoring, accountability and oversight.

62. The absence of multi-year commitments from some partners remains a concern for UNDP and affects its ability to plan ahead and sustain its multilateral and universal character. In addition, lack of predictability and late payment increase the vulnerability of the organization to exchange rate fluctuations, negatively affecting its liquidity position. The concentration of highly earmarked other resources hinders its ability to strategically prioritize responses to national development needs.

63. UNDP is committed to working with partners to increase the level of regular resources, the flexibility and predictability of funding, and the number of multi-year commitments, to enhance the visibility of contributions to regular resources and diversify its funding base.

64. UNDP has advanced partnerships with the private sector, financial institutions and individuals. It will continue to cultivate public-private partnerships, and leverage private financing into development, towards achieving the sustainable development goals.

65. UNDP will continue to engage with the Executive Board and seek the support of Member States through structured funding dialogues to ensure that the principles of predictability, universality and progressivity can be sustained to improve the flexibility and transparency of funding and to better align its resources with the outcomes of the Strategic Plan, 2018-2021.

66. UNDP will continue to support the United Nations development system and the reinvigorated resident coordinator system, provide an integrator function in support of country efforts to implement the 2030 Agenda, and offer programmatic and operational support to other United Nations organizations.

67. UNDP urges Member States to: (a) increase or provide their voluntary contributions in a manner consistent with their capacities; (b) contribute on a multi-year basis in a sustained and predictable manner; (c) shift their contributions from highly earmarked to less earmarked flexible resources; and (d) advocate among Member States to prioritize contributing to UNDP regular resources in a timely and predictable manner, to enable UNDP to deliver the intended results of the Strategic Plan and lead a coherent United Nations development system in implementing the 2030 Agenda for Sustainable Development.

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Gender equality at UNDP

UNDP gender equality strategy, 2018-2021

Summary

The present report presents the UNDP gender equality strategy, 2018-2021, which is the third such strategy. It articulates the core principles and priorities of the UNDP approach to gender equality and provides entry points for achieving the gender equality targets across the three development settings of the UNDP Strategic Plan, 2018-2021. This strategy also identifies priority areas for signature solution 6 of the Strategic Plan, "strengthen gender equality and the empowerment of women and girls". The foundation of this strategy is the vision encompassed in the 2030 Agenda for Sustainable Development.

This strategy reflects the recommendations and management response to the 2015 independent evaluation of the UNDP contribution to gender equality and women's empowerment. The strategy is aligned to the requirements of the United Nations System-wide Action Plan on Gender Equality and the Empowerment of Women and to the common chapter of the strategic plans of UNDP, the United Nations Children's Fund, United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women) and United Nations Population Fund.

An annex, posted on the Executive Board website, discusses lessons learned in the application of the previous strategy.

Elements of a decision

The Executive Board may wish to: (a) welcome the new UNDP gender equality strategy, 2018-2021 (DP/2018/21), which defines an ambitious agenda for advancing gender equality and women's empowerment across all areas of the work of UNDP; (b) commend UNDP for carrying out a consultative and participatory process in preparing the gender equality strategy, 2018-2021; (c) express appreciation that the new UNDP gender equality strategy, 2018-2021 builds on the achievements of the previous strategy; (d) welcome UNDP mainstreaming of gender across all its development work; and (e) express appreciation for the UNDP commitment to implementing institutional actions to achieve gender mainstreaming.

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I. Introduction

1. This UNDP gender equality strategy, 2018-2021 is the third such strategy. It builds upon lessons learned through implementation of the previous gender equality strategy, 2014-2017, and reflects the findings, conclusions and recommendations of the independent evaluation of the UNDP Strategic Plan and global and regional programmes, 2014-2017 (DP/2017/32) and the key recommendations and the management response to the 2015 independent evaluation of the UNDP contribution to gender equality and women's empowerment (DP/2016/11, Annex 2). As such, the strategy delineates the UNDP commitment to: (a) strengthen interventions tackling structural changes that accelerate gender equality and women's empowerment rather than engaging primarily in programmes focused on women as beneficiaries; (b) strengthen the integration of gender equality into UNDP work on environment, energy and crisis response and recovery; (c) better align UNDP programming with its corporate messaging on the centrality of gender equality and women's empowerment to the achievement of sustainable development; and (d) build upon institutional mechanisms for gender mainstreaming such as the Gender Equality Seal and the gender marker which provide measurable standards and incentives to drive progress. This strategy, in line with the common chapter of the strategic plans of UNDP, the United Nations Children's Fund (UNICEF), United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women) and United Nations Population Fund (UNFPA), also reflects recognition of the paramount importance of partnering across the United Nations system to address the root causes of persistent gender inequalities, including discriminatory practices and social norms, and investing in dedicated gender expertise and capacities throughout the spectrum of UNDP development assistance, particularly in such areas as climate change and crisis prevention and recovery that are critical to the achievement of sustainable development but are too often addressed without a gender lens. In addition, this strategy recognizes the vital importance of UNDP leadership for gender equality as a global advocate, to promote and support women leaders and to foster ownership of and accountability for gender equality within UNDP.

2. Gender equality is a fundamental human right and a necessary foundation for a peaceful, prosperous and sustainable world. Gender equality is central to UNDP support to countries to implement and achieve the 2030 Agenda for Sustainable Development and the Sustainable Development Goals as well as other commitments agreed by Member States. The 2030 Agenda envisions a world "of universal respect for human rights and human dignity" in which "every woman and girl enjoys full gender equality and all legal, social and economic barriers to their empowerment have been removed." Gender equality is an essential aspect of "leaving no one behind," one of the guiding principles of the 2030 Agenda, as women are over-represented among those furthest behind. With the largest operational platform within the United Nations family, working on the ground in some 170 countries and territories, and with expertise in areas central to achievement of the Sustainable Development Goals, UNDP is well positioned as the "integrator" for helping countries deliver on the Goals by "connecting the dots" on complex sustainable development issues. UNDP will convene across line ministries and development partners to address the gender dimensions of eradicating poverty, sustaining peace, accelerating structural transformation for sustainable development and building resilience to crises and shocks and to ensure that the experiences, needs and contributions of both women and men are integrated into efforts to achieve sustainable development.

3. This strategy thus articulates the UNDP core principles and priorities for achieving the gender equality targets across the three development settings of the Strategic Plan, 2018-2021. The Strategic Plan identifies six cross-cutting signature solutions, one of which, signature solution 6, is to strengthen gender equality and the empowerment of women and girls. The strategy identifies priority areas for signature solution 6 and provides entry points for gender equality in each of the three development settings detailed in the Strategic Plan. As each outcome indicator of the Strategic Plan addresses a range of Sustainable Development Goals, this strategy goes beyond Goal 5 on gender equality to drive achievement across all 17 Goals.

4. The UNDP gender equality strategy is grounded in the requirement that all United Nations entities adopt gender mainstreaming methodology, as mandated by the 1995 Beijing Platform for Action; defined by Economic and Social Council agreed conclusions 1997/2 on mainstreaming the gender perspective into all policies and programmes in the United Nations system; guided by the normative frameworks provided in the Convention on the Elimination of all Forms of Discrimination against Women; and reinforced by the Sustainable Development Goals, Security Council resolution 1325 (2000) on women, peace and security and related resolutions, and General Assembly resolution 71/243 of 21 December 2016 on the quadrennial comprehensive policy review of operational activities for development of the United Nations system. The strategy is also aligned to the requirements of the United Nations System-wide Action Plan on Gender Equality and the Empowerment of Women, to the recommendations of the management response to the 2015 independent evaluation of the UNDP contribution to gender equality and women's empowerment and to the common chapter of the strategic plans of UNDP, UNICEF, UN-Women and UNFPA.

II. Strategic setting

5. In all development settings, there are persistent as well as emerging challenges that have distinct impacts on women and men and are either eroding or have the potential to erode gender equality gains. These challenges include the impacts of climate change and disasters; the rise of protracted conflicts; increasing violent extremism; new forms of violence against women such as cyberbullying; discriminatory social norms, urbanization; continuing migration and displacement; and the challenges of the "Fourth Industrial Revolution" with emerging technologies that are impacting all economies and industries. In addition, demographic trends related to a growing ageing population and a large youth population in some regions have gender dimensions that must be addressed.

6. Despite progress, significant gender inequalities persist, depriving women of rights and opportunities and hampering global progress in all development settings. Political decision-making and governance continue to be dominated by men, with women comprising fewer than 25 per cent of the world's parliamentarians and 18.3 per cent of government ministers.[1] Globally, the prevalence of disabilities among women is higher than in men.[2] In nearly two thirds of countries, women are more likely than men to report food insecurity.[3] Women are disproportionately impacted by crises. Throughout the world, women are disproportionately burdened by unpaid care work, doing two and a half times as much unpaid care and domestic work as men.[4] Women's labour participation is often highly informal, without social protection. The global gender wage gap is 23 per cent.[5] Throughout their lives, women are subject to different forms of gender-based violence and discrimination and denied equal access to legal rights and basic services, including health care, education and justice. Gender inequality negatively impacts the health of millions of women and girls across the globe and denies the whole of society the benefits of a more gender equal world.

[1] Inter-Parliamentary Union.
[2] Report of the Secretary-General on the situation of women and girls with disabilities and the status of the Convention on the Rights of Persons with Disabilities and the Optional Protocol thereto, July 2017 A/72/227, para 12.
[3] UN-Women. 2018. *Turning Promises into Action: Gender Equality in the 2030 Agenda for Sustainable Development*. New York: UN-Women.
[4] Ibid.
[5] Ibid.

Figure 1. Global gender gaps

Source: ILO. 2017. *World Employment and Social Outlook: Trends for Women*. Geneva: ILO; UN-Women. 2018. *Turning Promises into Action: Gender Equality in the 2030 Agenda for Sustainable Development*. New York: UN-Women.

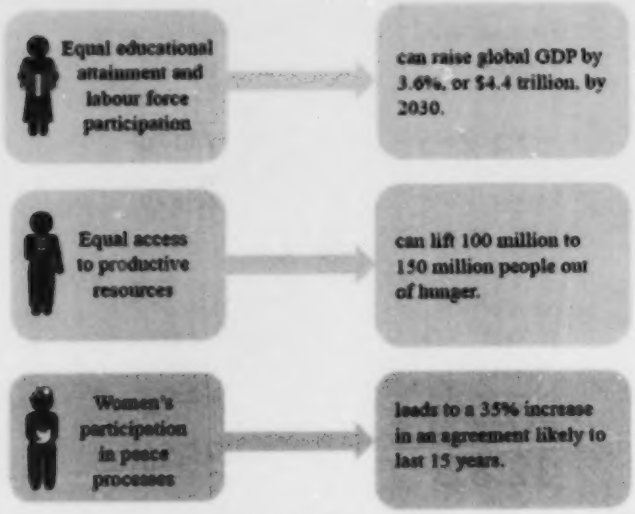
7. The 2030 Agenda and the Sustainable Development Goals underscore that gender equality and the empowerment of women are integral to the achievement of sustainable development. In addition to the nine targets under Goal 5 on gender equality, gender equality is reflected in 36 targets and 54 indicators across the other Goals. These targets focus on poverty reduction, work, agricultural productivity, hunger, health and nutrition, water and sanitation, climate change-related planning, participation in public life and sustainable cities and communities. Closing gender gaps by achieving these targets will have multiplier affects across the Goals and accelerate their achievement. For example, if women had the same access to productive resources as men, they could increase yields on their farms by 20 to 30 per cent, which could raise total agricultural output in developing countries by 2.5 to 4 per cent per annum, and reduce the number of hungry people in the world by 12 to 17 per cent.[6] According to an analysis of 182 peace agreements, when women participate as witnesses, signatories, mediators and/or negotiators, resulting agreements are 35 per cent more likely to last at least 15 years.[7] According to UNDP estimates, achieving gender equality in educational attainment and in labour force participation by 2030 can raise global gross domestic product by $4.4 trillion, or 3.6 per cent, and reduce the share of the global population living in extreme poverty ($1.90 a day) by 0.5 percentage points.[8]

[6] Food and Agriculture Organization of the United Nations (FAO). 2011. *The State of Food and Agriculture 2010-2011: Closing the Gender Gap for Development*. Rome: FAO.

[7] Stone, L. 2015. "Quantitative Analysis of Women's Participation in Peace Processes". In M. O'Reilly et al. 2015. *Reimagining Peacemaking: Women's Roles in Peace Processes*. International Peace Institute.

[8] For details of the analysis see Dugarova, E., Forthcoming, 2018. *Gender Equality as an Accelerator for Achieving the Sustainable Development Goals*. New York: UNDP and UN-Women.

Figure 2. Impacts of closing gender gaps


Equal educational attainment and labour force participation
can raise global GDP by 3.6%, or $4.4 trillion, by 2030.
Equal access to productive resources
can lift 100 million to 150 million people out of hunger.
Women's participation in peace processes
leads to a 35% increase in an agreement likely to last 15 years.

Source: Dugarova, E., Forthcoming 2018. *Gender Equality as an Accelerator for Achieving the Sustainable Development Goals*. New York: UNDP and UN-Women; FAO. 2011. *The State of Food and Agriculture 2010-11: Closing the Gender Gap for Development*. Rome: FAO; Stone, L. 2015. "Quantitative Analysis of Women's Participation in Peace Processes". In M. O'Reilly et al. 2015. *Reimagining Peacemaking: Women's Roles in Peace Processes*. New York: International Peace Institute.

III. Working in partnership

8. **UNDP is committed to working closely across the United Nations system**, most notably with UN- Women, to support countries to achieve sustainable development. As articulated in the common chapter of the strategic plans of UNDP, UNFPA, UNICEF and UN-Women, enhanced collaboration calls for United Nations country teams (UNCTs) to undertake joint analyses of issues, enhance efficiency, plan and implement joint programming, enhance multi-stakeholder partnerships, including with the private sector, and support innovative financing for gender equality. Efforts to enhance joint monitoring and evaluation will also be undertaken to strengthen joint learning. Key areas of partnership, as detailed in the annex to the common chapter, include promoting women's participation and leadership in political institutions and processes and preventing and ending gender-based violence, including by addressing harmful practices and changing discriminatory social norms, attitudes and behaviours.

9. UNDP is actively engaged in a range of inter-agency task forces and coordination mechanisms, including the Inter-Agency Standing Committee Reference Group on Gender and Humanitarian Action and the Inter-Agency Network on Women and Gender Equality. UNDP also provides technical support to other United Nations agencies to adapt the gender marker and the Gender Equality Seal for their own use.

10. UNDP works closely with UN-Women on system-wide action on gender equality, including on the development of the 'UNCT-SWAP Gender Equality Scorecard'. The scorecard provides a set of standards to promote improved results for gender equality and women's empowerment, aligned to the Sustainable Development Goals, at the UNCT level. UNDP will continue supporting the implementation and use of the scorecard in the field in coordination with UN-Women and other agencies.

11. UNDP will partner with other United Nations agencies and programmes such as the Office of the United Nations High Commissioner for Human Rights (OHCHR), the United Nations Office for the Coordination of Humanitarian Affairs and the Joint United Nations Programme on HIV/AIDS (UNAIDS) and with regional organizations. UNDP will also partner with the World Bank and other international financial institutions. Areas of collaboration with United Nations agencies are noted throughout this strategy.

12. **UNDP will work at all levels in close partnership with civil society organizations (CSOs),** women's organizations, community-based groups, including disabled persons' organizations, and men and boys to advance gender equality and empower women. UNDP will advocate for the inclusion of gender advocates and women's voices at all levels to achieve the 2030 Agenda and will help countries create space and opportunities for women's organizations and networks and civil society at large to engage effectively in the realization of gender equality and sustainable development.

13. **UNDP will work with partners to expand collaboration with the private sector** which is a critical partner in advancing gender equality and empowering women through better workplace practices and decent work. This includes promoting women's leadership and participation, building inclusive workplaces that are free of harassment and implementing policies to reconcile women's unpaid and paid care responsibilities. UNDP will work closely with UN-Women and the International Labour Organization (ILO) to promote decent work and will continue to prioritize initiatives such as the Gender Equality Seal certification for the private sector. UNDP will work closely with agencies such as UN-Women and United Nations Capital Development Fund to unlock private capital for gender-sensitive investment projects and to expand women's access to financial services.

14. **As a thought leader,** UNDP will work with academia, think tanks and the media to advocate for and support evidence-based research on gender equality and its critical linkage with achievement of the Sustainable Development Goals, to strengthen and disseminate UNDP knowledge products, drive innovation and monitor country achievements through existing and new indexes and the UNDP flagship global and regional Human Development Reports. Such partnerships can also inform how new technologies can advance gender equality.

Box 1. Gender equality in the workplace

To close persistent gender equality gaps in the workplace, UNDP has pioneered the **Gender Equality Seal for Public and private enterprises**.

The Gender Equality Seal supports companies to meet gender equality standards in such areas as:

- Eliminating gender pay gaps
- Increasing women's roles in decision-making;
- Developing and implementing work-life balance polices;
- Eradicating sexual harassment at work;
- Enhancing women's access to non-traditional jobs

Since the launch of the initiative in 2009, more than 400 public and private companies in 10 countries have been certified. Begun in Latin America, the initiative is now being expanded to other regions using South-South cooperation.

IV. The UNDP approach to gender mainstreaming and guiding principles for the gender equality strategy

15. Recognizing that gender equality is a precondition and accelerator for achieving the Sustainable Development Goals, UNDP is committed to promoting and mainstreaming gender equality and women's empowerment in all that it does. The UNDP approach to gender mainstreaming is a dual one: UNDP supports the empowerment of women and girls through targeted gender-specific interventions and also addresses gender concerns in developing, planning, implementing and evaluating all policies and programmes. To achieve this, UNDP will rely on gender analysis and sex-disaggregated data and pursue integrated, cross-sectoral approaches to address interconnected development challenges. UNDP gender mainstreaming is grounded in the core principles articulated below.

16. **Human rights**. This strategy pursues a human rights-based approach to development. UNDP will ensure: that programme design is based on research and analysis of gaps in the realization of the human rights of women and men; that human rights principles and standards are applied in all phases of the programme cycle; and that situation analysis, performance monitoring and reporting explicitly document progress in achieving gender equality, in line with the principles and standards of the Beijing Platform for Action, Convention on the Elimination of all Forms of Discrimination against Women, other human rights treaties including the Convention on the Rights of Persons with Disabilities and global and regional commitments.

17. This strategy is premised on the notion that the Sustainable Development Goals can only be achieved when all people have opportunities to achieve their aspirations and fulfil their potential and when their knowledge and contributions are valued and mobilized. It views **all women and men as active agents of change** and thus focuses on ensuring that those marginalized and left behind are empowered and have the agency to make decisions over their lives and participate in the development of their societies. As such, interventions supported by **UNDP will go beyond counting numbers of beneficiaries by sex and will focus on empowering and creating agency for women** and men and closing gender gaps.

18. This strategy also affirms the UNDP commitment to support partners to address **multiple and intersecting forms of discrimination**, such as those based on poverty, geographic location, migration, identity, ethnicity, age, race, religion, disability and other characteristics. Leaving no one behind and reaching the furthest behind first requires improving capacities to analyse and target populations affected by multiple forms of discrimination.

19. This strategy acknowledges that **transforming gender and power relations** is essential for achieving gender equality and sustainable development. UNDP will pursue initiatives that accelerate structural transformations for gender equality and remove the institutional, societal, political and legal barriers hindering its achievement. This includes working with partners, including faith-based and traditional leaders, to address the root causes of gender inequalities and change the discriminatory social norms, attitudes and practices that deny women and girls rights and opportunities.

20. An important aspect of this strategy, in alignment with the 'HeforShe' initiative, the United Nations global solidarity movement for gender equality, is **engaging men and boys** both as allies in closing gender gaps and in empowering women and girls but also to address discriminatory attitudes and practices and oppressive forms of masculinity that impact both women and men. This is particularly important in preventing and responding to all forms of gender-based violence as well as addressing the unequal distribution of roles and opportunities of women, men, girls and boys, both at home and in public spheres. Approaches can include public awareness campaigns showcasing positive masculinities, such as the benefits of men's engagement in caregiving and enhancing capacities of men and boys for inclusive engagements at household, community and policy levels, across different sectors and generations.

21. Recognizing that UNDP works in partnerships with Governments and in a range of country contexts, UNDP will follow a contextualized and country-driven approach, with its primary role being to leverage its integrated country platforms to address challenges requiring multi-sectoral responses, including discriminatory norms and standards, and to mobilize partnerships across the United Nations system to support country-specific efforts to advance gender equality and women's empowerment in the context of achieving the 2030 Agenda.

22. **Innovation** is a critical aspect of UNDP gender work. Advancing gender equality calls for innovative approaches, from community conversations on difficult topics to behaviour-change campaigns to challenge discriminatory social norms and practices that are at the heart of gender inequality. Technological innovations, from mobile banking applications to new clean energy, can eliminate structural and societal barriers that prevent women from accessing financial and other services and break traditional patriarchal supply chains of information, resources and power. UNDP can also leverage its own experience in incentivizing performance on gender equality through its Gender Equality Seal to support partner countries to innovate tools for advancing gender equality in the private and public sectors.

V. Signature solution 6: Strengthen gender equality and the empowerment of women and girls

23. While UNDP has a commitment to promote gender equality and mainstream gender in all its work, signature solution 6 focuses attention on the deep-rooted structural barriers that perpetuate gender inequality and hinder sustainable development. Signature solution 6 is not meant to be implemented in isolation, but rather is an integral part of all signature solutions. By focusing on key priority areas for signature solution 6, UNDP can achieve the transformational change that will advance gender equality and accelerate the achievement of sustainable development. The priority areas are: removing structural barriers to women's economic empowerment, including women's disproportionate burden of unpaid care work; preventing and responding to gender-based violence; promoting women's participation and leadership in all forms of decision-making; and strengthening gender-responsive strategies in crisis (conflict and disaster) prevention, preparedness and recovery.

24. **Removing structural barriers to women's economic empowerment, including women's disproportionate burden of unpaid work.** Active measures are needed to comprehensively address the structural barriers and gender-discriminatory practices that deny women their socioeconomic rights, restrict their economic, social and political opportunities and undermine their resilience to all forms of shock. This requires addressing women's disproportionate burden of unpaid care work, including by engaging men in care work;[9] ensuring women's equal rights to property, credit, land and natural resources, decent work and equal access to basic services, including sexual and reproductive health services. It requires strengthening national capacities to generate and use sex- and age-disaggregated data for gender analysis and gender budgeting, which is key to the design of gender-responsive macro-economic policy and social protection programmes. It requires leveraging UNDP support for national Sustainable Development Goal planning processes, including through mainstreaming, acceleration and policy support (MAPS) missions, to draw the linkages between gender equality and progress across the Goals. Together, such reforms will have multiplier effects on progress across the Goals, helping to advance efforts related to Goal 1 on ending poverty, Goal 3 on health and well-being, Goal 4 on quality education, Goal 5 on gender equality, Goal 8 on decent work, Goal 10 on reduced inequalities, Goal 13 on climate action and others. Important partners to advance this agenda include UN-Women, UNFPA, UNICEF, UNAIDS, ILO, the World Bank, regional development banks, regional economic and social commissions, CSOs and the private sector.

[9] Caring for families, children, the elderly, the ill, the disabled and gathering food, firewood, fuel and water.

25. **Preventing and responding to gender-based violence**. Gender-based violence, which occurs on every continent and in every country and predominantly impacts women and girls, is a grave violation of the most basic human rights and fundamental freedoms and carries both a steep health and economic toll for survivors and their families and an economic toll for communities and countries. UNDP will draw attention to the critical linkage between gender-based violence and Sustainable Development Goal achievement, such as Goal 1 on ending poverty, Goal 3 on health and well-being, Goal 10 on reduced inequalities and Goal 16 on promoting peaceful and inclusive societies, providing access to justice for all and building inclusive institutions, and will support national authorities to plan cross-sectoral initiatives to address and reduce such violence. UNDP will work closely with national partners on legal and policy frameworks and to support national capacities to prevent violence and end impunity for perpetrators and ensure access to justice and protection of women and girls, especially those facing multiple and intersecting forms of discriminations such as those living with disabilities. UNDP will work closely with United Nations partners, especially UN-Women, UNFPA, UNAIDS, UNICEF and OHCHR, as well as with civil society, the private sector and men and boys. Flagship initiatives include the United Nations-European Union Spotlight Initiative to End Violence Against Women and the Secretary-General's UNiTE Campaign to End Violence Against Women.

26. **Promoting women's participation and leadership in all forms of decision-making.** This priority draws attention to the critical importance of women's participation and leadership in all forms of decision-making, including in political office constitutional bodies, public administration, the judiciary, the private sector and in local, regional and global fora on climate action, disaster risk reduction, disarmament, conflict prevention, peacebuilding and post-crisis recovery. To this end, UNDP will support national partners to adopt and implement legal and policy reforms to ensure women's participation in decision-making and will implement initiatives to develop women's capacities to participate and lead. Key initiatives include the gender equality in public administration initiative. UNDP will continue to work closely with partners, especially UN-Women, the United Nations Department of Political Affairs, Inter-Parliamentary Union and regional normative bodies to advance global norms and national practices to further women's leadership in politics and public institutions. UNDP will work closely with women's organizations to support women's leadership and will support gender equality and women's leadership in the workplace, including through implementation of the Gender Equality Seal.

27. **Strengthening gender-responsive strategies in crisis (conflict and disaster) prevention, preparedness and recovery.** While crises, both due to conflict and disaster, affect everyone, women and girls are often disproportionately impacted due to their relatively disadvantaged situation, distinct social obligations and responsibilities and the high prevalence of gender-based violence. At the same time, during and after crises, women are often on the frontlines, playing a key role in ensuring the well-being and resilience of their families and communities. "Building back better" means ensuring that gender equality and women's participation are integrated into crisis prevention, preparedness and recovery from the earliest stages. UNDP will underpin conflict prevention and crisis preparedness and recovery efforts with gender analysis, gender-disaggregated data and the meaningful participation of women and women's organizations in decision-making. UNDP-supported recovery and stabilization initiatives will be designed to create opportunities for women to contribute to and participate in sustainable livelihoods and improve their socioeconomic status. UNDP will work with other United Nations agencies, regional organizations and civil society partners to ensure that women's voices and their experiences are brought to initiatives to prevent and address violent extremism. Key initiatives include the Women's Peace and Humanitarian Fund (with UN-Women and UNFPA), which supports women's grass-roots organizations in post-crisis settings; implementation of the Peacebuilding Fund's Gender and Youth Promotion Initiative (with the Secretary-General's Peacebuilding Fund); and the Global Focal Point Arrangement on Justice and Security (with the United Nations Department of Peacekeeping Operations, UN-Women and OHCHR), which provides access to justice and builds the rule of law for survivors of gender-based violence in crises and post-crisis settings.

VI. Three development settings and entry points for mainstreaming gender

28. The UNDP Strategic Plan, 2018-2021 prioritizes development actions to be undertaken across three diverse development contexts, which form the three outcomes of the plan: (a) a context where eradicating poverty in all its forms and dimensions is a primary focus; (b) a context where accelerating structural transformations for sustainable development is prioritized; and (c) a context where building resilience to shocks and crises is needed. In some cases, these contexts co-exist within the same country and require tailored solutions that can adequately address specific deficits and barriers. Entry points for addressing gender equality, empowering women and meeting the commitment to leave no one behind in each of them follow.

Outcome 1: Eradicating poverty in all its forms and dimensions

29. It is not possible to eradicate poverty in all its forms and dimensions without addressing the specific gender inequalities that keep women in poverty. Globally, there are 122 women aged 25-34 living in extreme poverty for every 100 men of the same age group.[10] Women are also more likely than men to live below 50 per cent of the median income.[11] The impacts of climate change also exacerbate women's poverty. Successful poverty eradication requires dismantling structural barriers, ensuring that women's responsibility for unpaid care work is reduced and redistributed, and that women have access to decent work and equitable wages, energy and water, land and property, financial services and credit, productive tools and resources, social care services and social protection. It also requires transforming discriminatory attitudes and practices, including gender-based violence, that prevent women and girls from participating equally in economic, social and political life. Eradicating poverty requires addressing multiple forms of discrimination, which can change over the life course, such as those associated with youth and ageing. Strategic entry points for mainstreaming gender equality across this outcome of the Strategic Plan include:

(a) Supporting countries to integrate gender equality and women's empowerment into the implementation of the 2030 Agenda, the Paris Agreement on Climate Change and other internationally agreed instruments and into regional, national and local development planning. This requires addressing gender equality in MAPS missions and ensuring that UNDP support for Sustainable Development Goal planning and implementation at all levels is gender-responsive, draws attention to the linkages between gender equality and the acceleration of all the Goals and supports national and local plans and budgets to address underlying gender inequalities that impede progress towards the Goals;

(b) Supporting national and local partners to expand women's access to and control of resources and basic services, including financial and non-financial assets, housing, jobs, education, clean energy and technology, health, including HIV and sexual and reproductive health services, social protection (including health insurance and pensions) and care services, with a particular focus on the most marginalized and left behind, including poor women and women with disabilities;

(c) Supporting partners to end occupational segregation and address women's and girls' disproportionate burden of unpaid work and time poverty through measures such as affordable and reliable public and private care services (child, elder, disability or illness), as well as gender-equal parental leave and work-life balance rights and policies. Similarly, working with partners to invest in critical infrastructure such as water and sanitation, and clean and affordable energy, safe roads, gender-responsive public spaces and services such as markets and transportation, can all reduce the time women spend on care activities;

(d) Supporting legal and policy reforms to close the gender wage gap, lift formal and informal barriers to women's access to certain occupations and educational fields, and strengthen women's legal protection from workplace discrimination and rights violations;

[10] UN-Women. 2018. *Turning Promises into Action: Gender Equality in the 2030 Agenda for Sustainable Development*. New York: UN-Women.
[11] Ibid.

(e) Supporting national and local institutions to analyse risk from a gender perspective and involve women and women's organizations in the formulation and implementation of risk management, reduction and recovery policies;

(f) Supporting partners to ensure gender-responsive sustainable management of natural resources, including land, water and forests, and to expand women's access to, control and ownership of land, property and finance as well as to partnerships in new micro-, small and medium-sized enterprises established on green and inclusive value chains;

(g) Supporting Governments to ensure that women have equal access to clean, affordable and sustainable energy. This will include supporting women as consumers, decision makers and entrepreneurs in the transition to clean energy systems;

(h) Supporting measures to increase and track women's leadership in decision-making in the private and public sectors and in public administration, including in government, line ministries and decentralized governance;

(i) Supporting national efforts to develop and implement legal and policy frameworks to prevent and address gender-based violence. This includes supporting national partners to provide multisectoral support and services for survivors, supporting research and public awareness campaigns on the prevention of and response to gender-based violence and the most effective policies to reach out to the most marginalized groups; and engaging men and boys to change behaviour around gender-based violence

Outcome 2: Accelerate structural transformations for sustainable development

30. Gender inequalities are among the primary inequalities that must be addressed to accelerate the structural transformations required to sustain development progress. Women hold just 23.7 per cent of parliamentary seats, an increase of 10 percentage points compared to 2000 but still far below parity.[12] The global gender pay gap is 23 per cent and globally, women's labour force participation is 49 per cent compared to 76 per cent for men.[13] When women play a full and equal role in social, economic and political life, economies are stronger and communities are more inclusive and resilient. As such, active measures are needed to comprehensively address structural barriers and gender-discriminatory practices that deny women their rights, are harmful to their health and well-being, restrict their economic, social and political opportunities and undermine their resilience to cope with increasing challenges posed by environmental degradation and climate change. These include measures to: advance women's political participation at all levels; adopt legal, policy and institutional reforms to remove gender-based discrimination in laws, labour markets; and increase women's access to and control over assets and services. Strategic entry points for mainstreaming gender across this outcome include:

(a) Supporting Governments to ensure that regional, national and local development policies, plans and budgets incorporate gender-responsive solutions for climate change adaptation and mitigation;

(b) Ensuring women's access to training, decent work, technology and financing opportunities to facilitate their participation in zero-carbon development;

(c) Supporting national partners to adopt and implement gender-responsive labour market policies and transform labour markets both to eliminate gender wage gaps and gender-based job segregation and to expand women's opportunities for decent work and advance gender equality in the public and private sectors. UNDP will partner with the World Bank, UNICEF, ILO and UN-Women, and will leverage lessons learned in Latin America to continue expanding the UNDP Gender Equality Seal certification programme for public and private enterprise;

[12] Inter-Parliamentary Union.
[13] ILO, World Employment Social Outlook Trends 2017.

(d) Supporting Governments to use digital technology and big data to expand women's access to public registration and identification cards that would improve their benefits from public services, including credit, health care and market information;

(e) Strengthening institutional capacities for policy and legal reforms to accelerate women's participation in decision-making. This includes initiatives to increase women's participation as voters and candidates; to increase young women's civic engagement; to promote women's participation in transitional and constitutional bodies; and to strengthen parliamentary capacities for gender-responsive legislation;

(f) Supporting countries to adopt and implement legal and regulatory reforms and capacity development initiatives to open space for women's CSOs and increase their participation and effectiveness in contributing to sustainable development;

(g) Supporting national institutions and engaging community leaders to implement the Convention on the Elimination of all Forms of Discrimination against Women and gender-related obligations of other human rights treaties; support women's access to justice through both formal and informal systems; and increase women's leadership in the judicial, security and legal sectors;

(h) Ensuring the integration of gender equality into legal and regulatory frameworks, policies and institutions addressing biodiversity conservation, the sustainable use of natural resources and the equitable sharing of benefits arising from the utilization of such resources or related knowledge and practices. This includes ensuring women's full participation in decision-making on the use, management and protection of ecosystems.

Outcome 3. Build resilience to shocks and crisis

31. Gender equality and women's empowerment are integral to building individual, institutional and societal resilience. Systemic inequalities, especially those between women and men in the economic, social and political spheres, exacerbate the impact of economic, environmental and political shocks, which impedes sustainable recovery and durable peace. For example, climate change has a disproportionate impact on women and children. In times of conflict, rates of homicide and other forms of violent crime increase significantly. While men are more likely to be killed on the battlefield, during conflict women are subjected to sexual violence and abducted, tortured and forced to leave their homes. Strengthening the resilience of women enables countries to better respond to disasters and crises whether these are induced by environmental, economic or social factors, and to ensure that crises, including health emergencies, do not exacerbate gender inequalities, for example by increasing women's unpaid work responsibilities. When crisis prevention, preparedness and recovery processes, including restoration of governance institutions, meet the needs of women as well as men and advance gender equality, communities can build back better and become more resilient. Strategic entry points for mainstreaming gender across this outcome of the Strategic Plan include:

(a) Supporting countries to prepare for shocks, crises and recovery by regularizing land tenure and legal documentation, including identification documents, as well as identifying and giving women and men equal access to insurance schemes;

(b) Ensuring that post-disaster and peacebuilding needs assessments and recovery planning are gender-responsive, addressing the needs of men and women, especially in areas such as health, security, safe drinking water and sanitation, housing and education, and that women are part of decision-making processes;

(c) Designing market-based employment and livelihood opportunities in crisis and post-crisis settings that do not reinforce gender stereotypes and that benefit women and girls by providing them with skills and opportunities for decent work and sustainable employment and by preventing gender-based violence;

(d) Supporting partners to promote the role of women and women's organizations in peacebuilding and the countering and prevention of violent extremism and ensuring that policies

and plans to prevent violent extremism address the gender dimensions of extremist ideology and recognize the roles, strengths and knowledge women bring to their design and implementation;

(e) Working in crisis countries to remove barriers, including legal barriers, to women's participation in traditionally male-dominated sectors;

(f) Supporting partners to implement Security Council resolutions on women, peace and security and on youth, peace and security and facilitating the participation of women, including young women, in decision-making forums in conflict and post-conflict contexts, including in conflict mediation, negotiations, peacebuilding and mechanisms to build consensus and reduce social tensions. UNDP will establish programmes to protect rights activists and strengthen women's coalitions, including of young women, to advance peace and security;

(g) Ensuring that innovative solutions scaled for sustainable, nature-based recovery are developed on the basis of women's participation and recognize and respond, through gender analysis, to the needs, concerns and contributions of women;

(h) Ensuring women's participation in decisions regarding the provision of sustainable energy solutions in crisis-affected communities and that women benefit equally from employment opportunities and improved access that expanded services may provide;

(i) Ensuring that women and women's groups participate in conflict prevention and disaster risk reduction and long-term resilience planning and action from the earliest stages, including through their engagement in designing and operationalizing gender-sensitive early warning systems and preparedness;

(j) Strengthening national capacities to ensure gender-responsive aid coordination and financial management;

(k) Taking measures to prevent and address gender-based violence in crisis settings, including by addressing the needs of men and boys to tackle the root causes of violence and supporting provision of redress for conflict-related abuses and violations that women face through transitional processes.

VII. Institutional transformation to achieve gender equality results

32. UNDP is committed to full implementation of the principles and requirements of the United Nations System-wide Action Plan on Gender Equality and the Empowerment of Women. UNDP will work with UN-Women, as the leader within the United Nations system for the System-wide Action Plan, to achieve full compliance, and will report annually to UN-Women on progress in this regard.

Leadership for gender equality

33. Leadership for gender equality consists of vision, passion and commitment. It requires changing gender power structures and discriminatory practices, both formal and informal, within the organization and in programmatic/policy work. A strong commitment to gender equality stems from the top. In alignment with the System-wide Action Plan and the commitments of both the Secretary-General and the UNDP Administrator as international gender champions, UNDP leadership and senior management will consistently champion gender equality as integral to the work of UNDP and the achievement of sustainable development. This includes the following:

(a) Senior management will include gender equality and the empowerment of women in public speeches, statements and advocacy efforts;

(b) Senior management will ensure gender balance in meeting delegations and UNDP-hosted panels and UNDP events;

(c) Following the commitment of the Secretary-General, UNDP senior managers also will "ensure that where possible on all country visits" they will "meet with women's CSOs and/or visit a programme focused on furthering gender equality and women's empowerment."

Box 2. Gender equality checklist for country office management:

- ✓ Develop and implement a gender equality strategy for the country office;
- ✓ Establish an effective gender architecture and gender expertise;
- ✓ Adequately implement a gender accountability framework;
- ✓ Implement the UNDP gender parity strategy;
- ✓ Lead by example, fostering an inclusive and respectful organizational culture.

Accountability and oversight

34. UNDP will continue integrating accountability for gender equality results within its overall accountability framework. Accountability will be complemented with incentives for staff to work more effectively on gender equality. The key components of this framework include:

(a) A **chain of accountability** for gender equality. The implementation of this strategy begins in the Office of the Administrator and continues to bureau directors and country representatives who are responsible for delivering gender equality results on the ground;

(b) The UNDP **Gender Steering and Implementation Committee** chaired by the Administrator and meeting annually at a minimum. The committee will monitor implementation of the gender equality strategy, provide policy guidance to the organization and serve as a peer review group.* The committee's recommendations will be binding;

(c) **The UNDP Executive Board,** the primary oversight mechanism for UNDP implementation of the gender equality strategy.* UNDP will continue to report annually to the Executive Board on progress towards implementation of this strategy;*

(d) **Gender-responsive staff performance management**. UNDP will ensure that implementation of the gender equality strategy and the gender parity action plan are recognized as a criterion of good performance in performance assessment of all senior and middle managers. Senior managers will be expected to identify those elements of the gender equality strategy that are relevant to the work of their unit/offices, agree with their staff which outputs can be achieved and track compliance with this agreement through their respective performance plans and assessments;

(e) The **UNDP corporate monitoring system** (results-based management) and tools, which will continue mainstreaming gender equality and the empowerment of women to enable the organization to assess progress toward the three development outcomes established in the Strategic Plan;*

(f) **Auditing and evaluation**. All UNDP evaluations will be designed and implemented in accordance with the norms and standards for evaluation in the United Nations system, including the gender-related norms and standards.*[14] Implementation of the UNDP gender equality strategy will be evaluated at least once. Gender will be included in risk-based audit undertaken by the organization annually;

* Denotes a requirement of the System-wide Action Plan for Gender Equality and the Empowerment of Women.

[14] United Nations Evaluation Group, 2005. *Standards for Evaluation in the United Nations System* and *Norms for Evaluation in the United Nations System*.

(g) **Resource tracking.** UNDP will continue to implement and improve the gender marker as the primary tool for tracking resource allocations for gender equality in the organization.*

Policy, planning and programming

35. UNDP will actively consider gender equality and women's empowerment in all stages of the programming cycle. Ensuring **gender-responsive policy and planning** at all levels offers clarity and guidance for staff for integrating gender equality and women's empowerment into UNDP activities and increases accountability for gender equality results.

36. **Country/regional programme documents, programmes and projects** are required to be informed by gender analysis.* The programme/project rationale must address structural barriers to gender equality and the priority areas should identify concrete changes to advance gender equality in at least one area of intervention. The corresponding results and resources frameworks must include at least one gender-specific outcome and indicative outputs and indicators.

37. UNDP country offices and business units are encouraged to develop a **gender equality strategy** and implementation plan which translates the corporate strategy into concrete actions and budget allocations relevant to the country programme.

38. UNDP will seek to progressively increase programming which specifically addresses gender equality through its programmatic work. Therefore, UNDP will aim during the period of this strategy to eventually achieve having 15 per cent of all country programme and project budgets allocated to advancing gender equality and/or empowering women as their principal objective. (Gender marker indicator GEN-3).

The Gender Equality Seal as an innovation for organizational change

39. The UNDP Gender Equality Seal incentivizes country offices to integrate gender equality into all aspects of their development work. Launched in 2011, the Gender Equality Seal serves as **a certification programme and learning platform** to support country offices/units to address gaps, document and share innovation and knowledge and advance organizational change for gender equality. Since 2011, more than 50 country offices have been awarded a bronze, silver or gold certification. Over the period of the Strategic Plan, 2018-2021, UNDP will expand the Gender Equality Seal to ensure that more country offices benefit from capacity-building and organizational change for gender equality.

40. The UNDP Gender Equality Seal is also gaining global recognition and UNDP is also now a service provider for other United Nations entities and partners who are seeking to establish their own gender seal certification standards and incentivize better performance for gender equality. To leverage its expertise in implementing the Gender Equality Seal, UNDP will offer advisory support to partners within and outside the United Nations system to learn from UNDP best practice.

Gender capacities

41. The gender architecture and capacities of UNDP will be aligned with United Nations system-wide requirements on gender mainstreaming, such as those called for in General Assembly resolution 71/243 of 21 December 2016 on the quadrennial comprehensive policy review of operational activities for development of the United Nations system and in the System-wide Action Plan for Gender Equality and the Empowerment of Women. They will include global, regional and country-level capacities on gender equality required to implement this strategy.

42. Gender equality and the empowerment of women will be integrated into the core values and/or competencies for all staff, particularly those at P-4 level and above.*

43. Additionally, UNDP requires all country offices to have multidisciplinary gender focal teams led by senior management (deputy resident representative/country director). These teams will bring together operations and programme staff to ensure gender mainstreaming in the programme portfolio; monitor and evaluate gender equality results; and address institutional issues including

gender parity, enabling environment and gender-sensitive communications. These capacities will not supplement but rather complement dedicated gender expertise.

44. In addition to the gender focal teams, it is recommended that country offices have a dedicated gender specialist who can provide technical backstopping to programme and operational units, as well lead on developing and implementing gender-focused and women-specific programmes, building partnerships with women's movements and shaping the country office's advocacy on gender.[15] UNDP will work with United Nations agencies, multilateral and bilateral partners and academic and civil society networks on the ground to augment technical expertise and create pools of experts to draw upon where appropriate.

45. UNDP will strive to ensure that all trainings, communities of practice and other learning opportunities incorporate sessions on gender equality and women's empowerment led by a gender expert.

Inclusive, diverse and safe environment for all

46. UNDP is determined to create an **inclusive, diverse and harmonious working environment** that respects the dignity of all persons. Promoting a culture of equality, dignity and respect requires changing values and beliefs that maintain hierarchies and reinforce exclusionary norms that create inequality. An inclusive and safe organization requires a gender-balanced and diverse workforce with zero tolerance for all prohibited conduct.

47. In line with the new United Nations Gender Parity Strategy promulgated by the Secretary-General and as detailed in the UNDP gender parity strategy, 2018-2021, UNDP aims to maintain full **gender parity** among all staff and attain full parity among all senior management roles by 2019 and at each grade level[16] by 2021. UNDP aims to attain tangible progress in transforming its culture and the quality of its working environment, whereby all staff have equal opportunities to grow, progress in their careers and make a difference in the atmosphere of respect, care, and flexibility, free from any bias, discrimination or harassment. UNDP recently approved a gender parity strategy in line with the System-wide Action Plan.

48. UNDP **will not tolerate harassment and/or abuse of authority** at the workplace or relating to work in any form. Such behavior or conduct is contrary to the Charter of the United Nations, the Staff Regulations and Rules and the Standards of Conduct for the International Civil Service. The UNDP policy on workplace harassment and abuse of authority will be made available to the Executive Board.

49. **Sexual exploitation and sexual abuse** represent a failure of protection which brings harm to those whom we are mandated to serve. United Nations Staff Regulations and Rules prohibit sexual exploitation and abuse.[17] A link to the UNDP web page on combatting sexual exploitation and abuse, including the United Nations policy and other useful information, is available here.

50. UNDP has a number of measures in place to prevent and respond to sexual harassment, exploitation and abuse. These include the planned establishment of a free, 24-hour, international and confidential helpline to allow staff to report incidences of harassment or abuse and receive counseling, a strengthened policy on protection against retaliation and mandatory courses related to ethics, harassment, discrimination and abuse of authority in the workplace, and sexual exploitation and abuse.

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15 Evaluation of UNDP gender mainstreaming 2005. Strengthen gender expertise in country offices, page 48. <http://web.undp.org/evaluation/documents/EO_GenderMainstreaming.pdf>

16 UNDP will strive and attain full parity (50/50) with the understanding that the United Nations strategy allows for a margin of 3 per cent for women's representation in roles or offices where attaining full parity is particularly challenging.

17 Sexual exploitation means any actual or attempted abuse of position of vulnerability, differential power or trust, for sexual purposes, including but not limited to, profiting monetarily, socially or politically from the sexual exploitation of another. Sexual abuse means the actual or threatened physical intrusion of a sexual nature, whether by force or under unequal or coercive conditions.

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Item 4 of the provisional agenda
Country programmes and related matters

Extensions of country programmes
Note of the Administrator

Summary

The present note contains information on the extensions of the country programmes for Afghanistan, Cuba, Liberia and Mexico. Requests for first one-year extensions of country programmes are approved by the Administrator and presented to the Executive Board for information. Requests for second one-year extensions, two-year extensions and exceptional third year extensions of country programmes are submitted to the Board for approval.

Elements of a decision

The Executive Board may wish to (a) take note of the first one-year extensions of the country programmes for Cuba and Mexico from 1 January to 31 December 2019; (b) approve the two-year extension of the country programme for Afghanistan from 1 January 2020 to 31 December 2021 and the second one-year extension of the country programme for Liberia from 1 January to 31 December 2019.

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Annex

Table 1. For information by the Executive Board: Extensions of country programmes

Country	Years covered by original CPD	Year(s) covered by extension already approved	Year(s) proposed for new extension	Extension		Reason and explanation		
				One-year	Two-year	Harmonization of planning cycles	In-country political development	Other
Cuba	2014-2018	N/A	2019	x		The purpose of this extension is to align the programme cycle to the national planning cycle.		
Mexico	2014-2018	N/A	2019	x		The purpose of this extension is to align the current CPD to the UNDAF, 2014-2019.		

Table 2. For approval by the Executive Board: Extensions of country programmes

Country	Years covered by original CPD	Year(s) covered by extension already approved	Year(s) proposed for new extension	Extension		Reason and explanation		
				One-year	Two-year	Harmonization of planning cycles	In-country political development	Other
Afghanistan	2015-2019	N/A	2020-2021		x	The purpose of this extension is to align the programme cycle to the new national planning cycle (the Afghanistan national peace and development framework, 2017-2021) and to the extended UNDAF.		
Liberia	2013-2017	2018	2019	x		The Government is in the process to develop a new national development plan. The extension would ensure that the country programme is aligned with government priorities and the new UNDAF.		

CPD – country programme document
UNDAF – United Nations Development Assistance Framework

United Nations DP/2018/23

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Evaluation

Evaluation of UNDP inter-agency pooled financing services (2010-2017)

Executive summary

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I. Purpose and background

1. The Independent Evaluation Office of UNDP carried out an evaluation of the UNDP Inter-Agency Pooled Financing Services (2010-17). The evaluation is part of the multi-year evaluation plan, 2018-2021, approved by the Executive Board in its decision 2018/1. It covered the period 2010-2017 and was limited to the inter-agency services provided by UNDP through the Multi-Partner Trust Fund Office.

2. The evaluation was conceived within the provisions of the UNDP evaluation policy for the purpose of strengthening UNDP accountability to global and national development partners, including the Executive Board; supporting better oversight, governance and risk management practices in UNDP; and fostering organizational learning. The evaluation was relevant and timely, as the United Nations development system is undergoing restructuring under the Secretary General's reform proposal to deliver the 2030 Agenda for sustainable development.

3. The inter-agency pooled financing mechanism is used to receive contributions from multiple financial partners and allocate those resources to multiple implementing entities to support specific national, regional or global development priorities. The inter-agency pooled funds constitute one of the key streams of non-core funds to participating United Nations organizations.

4. The objectives of the evaluation were: (a) to assess the effectiveness and efficiency of UNDP in providing inter-agency pooled financing services to contributing donors and participating United Nations organizations; and (b) to provide findings, conclusions and recommendations to improve and inform the comparative advantage and positioning of UNDP as a provider of inter-agency pooled financing services.

5. The evaluation addressed the following key questions deriving from the theory of change developed during the process: (a) How effective and efficient is UNDP in providing pooled financing services to its partners? (b) What is the operational performance of UNDP pooled financing mechanisms? (c) What are the added value, benefits and risks of the pooled financing mechanism as a system-wide service? and (d) Do pooled financing mechanisms contribute to supporting the country-level priorities of the United Nations development system?

6. The evaluation built on previous reviews of the pooled-funding mechanism, both internal and external, as well as related examinations of inter-agency activity, including those commissioned by the United Nations Development Group and other United Nations organizations. Mixed methods for data collection, both qualitative and quantitative, were used to gather evidence. These included: calibrated surveys of United Nations entities, donors and non-United Nations entities; a sample of desk and country case studies; financial flows and trend analysis in pooled financing; and interviews and focus group discussions with all key stakeholders. The evaluation covered 19 countries and included United Nations headquarters in New York and United Nations organizations with headquarters in New York, Geneva, London, Nairobi, Paris, Rome, and Vienna. Thirty-five United Nations entities, 16 donors and six non-United Nations organizations participated in the evaluation.

7. Quality assurance for the evaluation was ensured by an expert from the International Evaluation Advisory Panel, an independent body of development and evaluation experts. It was conducted in line with Independent Evaluation Office principles and criteria to ensure a sound, robust evaluation methodology and analysis of the evaluation findings, conclusions and recommendations. The expert reviewed the application of Independent Evaluation Office norms and standards for quality of methodology, triangulation of data collected, and analysis, as well as independence of information and credibility of sources. The evaluation underwent internal peer review in the Independent Evaluation Office prior to final clearance.

II. United Nations inter-agency pooled funds and the Multi-Partner Trust Fund Office

8. United Nations pooled funds, administered by the Multi-Partner Trust Fund (MPTF) Office, are designed to support a clearly defined programmatic scope and results framework through contributions from multiple funders that are held and managed by a United Nations fund administrator. The use of such funds is expected to strengthen coherence and collaboration within the United Nations development system, bridging silos between humanitarian, peace, security and development assistance, improving risk management, broadening the contributor base, and better positioning the United Nations system to deliver on the 2030 Agenda.

9. Pooled financing mechanisms operate in a wide range of contexts, and on different geopolitical scales: global, regional, national and subnational. They can be managed by the United Nations or nationally managed. They may operate through single or multiple funding windows, based on the scope and complexity of programmatic goals and the number and diversity of implementing partners.

10. UNDP plays a central role in managing and administering the United Nations pooled-financing mechanisms, through the MPTF Office. The Office acts as the administrative agent to pool financing from donors, and passes it to participating United Nations organizations and non-United Nations entities. With a firewall in place to avoid any conflict of interest, UNDP also implements projects and programmes as a participating United Nations organization.

11. Multi-donor trust funds and joint programmes are the two major types of pooled funds administered by the MPTF Office. Multi-donor trust funds are pass-through[1] financing tools available to the United Nations for pooling funds to support a strategic goal, clearly outlined in a results matrix. The programmatic scope of multi-donor trust funds is broad and transformative in nature, with several high-level outcomes, which also defines the multi-donor trust fund financial design. The multi-donor trust funds can be established at the global, regional or country level, and are often thematic in nature, targeting particular development, transitional, environmental or humanitarian needs.

12. All United Nations multi-donor trust funds have almost similar governance arrangements. Fund implementation is the responsibility of United Nations organizations, who may work with their government and non-governmental organization partners in accordance with their own rules and regulations. Fund operation is directed by a steering committee, chaired or co-chaired by the United Nations and supported by a secretariat (or the resident coordinator's office in the case of a 'delivering as one' fund). The steering committee sets the overall direction, makes resource allocation decisions and carries out independent reviews. As the appointed fund administrator, or administrative agent, the MPTF Office supports fund design and is responsible for receiving, administrating and releasing funds to implementing entities in accordance with decisions from the steering committee, and for consolidating the financial report.

13. Stand-alone joint programmes are pass-through financing tools available to United Nations organizations for pooling funds to support a strategic objective or outcome, outlined in a joint programme document with a clear results framework and budget. The joint programme normally has a well-defined, limited scope and is based on a partnership typically involving two to five United Nations organizations. At the country level, the programmatic scope is aligned with national priorities as reflected in a United Nations Development Assistance Framework/One United Nations programme or equivalent programming instrument or development framework. A joint programme can be established at the national

[1] In pass-through mechanisms, the fund administrator (the MPTF Office in this case) receives funding from multiple donors and channels them to multiple participating United Nations organizations. The fund administrator in a pass-through mechanism is responsible for managing fund receipt, distribution and reporting processes.

(involving one country), regional or global level (involving two or more regions or countries). Global and regional joint programmes usually address normative and policy issues at the global or regional level, while national joint programmes focus on operational activities in one thematic area in one country.

14. Joint programmes have governance arrangements similar to those of United Nations multi-donor trust funds. Fund implementation is the responsibility of United Nations organizations, who may work with their government and non-governmental organization partners in accordance with their own rules and regulations. Fund operation is directed by a steering committee, chaired or co-chaired by the United Nations and supported by a convening agency. The steering committee sets the overall direction, makes resource allocation decisions and carries out independent reviews. The convening agency is responsible for operational and programmatic coordination, including the coordination of narrative reporting. As the appointed fund administrator or administrative agent, the MPTF Office receives the contributions and channels them to participating United Nations organizations based on steering committee decisions.

III. Trends in inter-agency pooled financing

15. Since its inception in 2004, the MPTF Office has managed over $10 billion in funding, through 148 funds, supporting activities in over 110 countries, with 52 participating United Nations organizations and 98 donors (93 countries, the European Union, the African Union, the World Bank, and contributions from the United Nations, private entities, non-governmental organizations, and crowdfunding). There are several types of pooled funds by theme, including six humanitarian funds (for Afghanistan, the Central African Republic, the Democratic Republic of the Congo, Somalia, South Sudan, and Sudan), accounting for $3.6 billion; 21 United Nations One Funds, accounting for $1 billion; 13 climate change funds, accounting for $0.6 billion; 66 development funds, accounting for $1.6 billion; and 32 transition funds, accounting for $3.3 billion.

16. While nearly 100 countries have contributed to the funds, five (the United Kingdom, Spain, Norway, Sweden, and the Netherlands, in order of magnitude) accounted for 62 per cent of funding provided from 2004 to 2017; four of those countries each contributed to 40 or more funds (the Netherlands, Norway, Sweden, and the United Kingdom). The top 10 donors contributed 85 per cent of the total. On the other hand, 80 contributing countries provided a combined total of under 4 per cent of funds. 40 per cent of countries contributed to one or more of three funds sponsored by the Secretary General: the Peacebuilding Fund, the Ebola Response Fund, and the Haiti Cholera Fund.

17. The MPTF Office transferred funds to participating United Nations organizations[2], non-United Nations participating organizations, and Governments, for the implementation of projects under each fund. The participating organizations included 20 United Nations Secretariat entities, 18 funds and programmes, and 12 specialized United Nations agencies, as well as 12 other entities that included the African Union, non-governmental organizations and governments for the first time in the 2010-2017 period. One hundred and ten countries received services from 62 participating organizations. United Nations funds and programmes were involved in activities in 109 countries, United Nations specialized agencies in 100, and

[2] For the analytical purposes of this evaluation, United Nations entities have been classified into the following categories:
United Nations funds and programmes: IOM, ITC, NGO/UNDP, UNAIDS, UNCDF, UNCTAD, UNDP, UNDP (UNV), UNEP, UNFPA, UN-Habitat, UNHCR, UNICEF, UNOPS, UNRWA, UN-Women, NGO/UN-Women, and WFP; United Nations specialized agencies: FAO, IAEA, IBRD, ICAO, IFAD, ILO, IMO, PAHO/WHO, UNESCO, UNIDO, UNWTO, and WHO;
United Nations Secretariat: ECA, ECE, ECLAC, EOSG, ESCAP, ESCWA, NGO/OCHA, OCHA, OHCHR, OSRSG-SVC, DESA, DPA, DPKO, UNICRI, UNITAR, UNMAS, UNMEER, UNODC, OLA, and UNSSC (see annex for definitions).

United Nations Secretariat entities in 53. All non-governmental organizations operated under the Peacebuilding Fund.

IV. Evaluation findings

A. Portfolio of pooled financing

18 Pooled financing has become a well-established mechanism over the past decade. Since its inception in 2004, the MPTF Office has managed over $10 billion in funding, through 148 funds, supporting activities in over 110 countries, with 52 participating United Nations organizations and 98 donors. There are several types of pooled funds by theme, including six humanitarian funds (for Afghanistan, the Central African Republic, the Democratic Republic of the Congo, Somalia, Sudan, and South Sudan), accounting for $3.6 billion; 21 United Nations One Funds, accounting for $1 billion; 13 climate change funds, accounting for $0.6 billion; 66 development funds, accounting for $1.6 billion; and 32 transition funds, accounting for $3.3 billion.

19 The total value of annual contributions to pooled funding managed by the MPTF Office increased in 2010-2017 compared to 2004-2009, and has been largely stable on an annual basis over the more recent period. While the number of donors has increased over time, the average annual contribution per donor has varied over the years, decreasing from $15.9 million in 2010 to $12.5 million in 2017.

20. The total number of donors to the MPTF Office managed funds increased from 53 in 2004-2009 to 95 in 2010-2017. Sixty-three of the 98 donors contributed to three funds or fewer, and 38 of those contributed to one fund only, including 30 that contributed only to United Nations Secretary-General Funds. Of the 98 donors, 88 contributed to the Secretary-General's funds and 24 to a single other fund. The top 10 donors made 85 per cent of overall contributions. The bottom 80 donors made under 4 per cent of the total contributions, while 40 per cent of donor countries contributed only to funds sponsored by the Secretary-General, providing 0.3 per cent of total contributions.

21. The 10 largest donors were the United Kingdom, Spain, Norway, Sweden, the Netherlands, the European Union, Japan, Australia, Canada, and Denmark, in that order. From the first period (2004-2009) to the second (2010-2017), 45 new donors were added. A comparison of donor contributions in the two periods revealed that in the second period 35 donors increased their contributions while 12 reduced them. Although the European Union, Japan and Spain reduced their contributions in 2010-2017 by more than 75 per cent compared with their 2004-2009 contributions, they remained among the top 10 donors overall. The number of donors per fund during 2010-2017 varied from one to 45. On average, the top three donors in each of those funds contributed nearly 60 per cent of the total value.

22. Forty-six multi-donor trust funds and joint programmes received contributions in 2004-2009, and 146 during 2010-2017. The 10 largest funds, by overall amount of contributions, were: the United Nations Development Group (UNDG) Iraq Trust Fund, the Sudan Humanitarian Fund, the Democratic Republic of the Congo Humanitarian Fund, the Peacebuilding Fund, the Millennium Development Goals (MDG) Achievement Fund, the South Sudan Humanitarian Fund, the Somalia Humanitarian Fund, the United Nations REDD[3] Programme Fund, the expanded 'delivering as one' funding window, and the Tanzania One United Nations Fund. These funds continued to be among the largest recipients in 2010-2017 (with the exceptions of the UNDG Iraq Trust Fund and the MDG Achievement Fund, both of which concluded early in the period), and were joined by the Afghanistan Humanitarian Fund, the Somalia Multi-Window Trust Fund, the UNDG Haiti Reconstruction Fund, the Ebola Response Fund, the South-Sudan Humanitarian Fund, and the Common

[3] Reducing Emissions from Deforestation and Forest Degradation in Developing Countries

Humanitarian Fund in the Central African Republic, each of which received in excess of $150 million.

23. Twenty funds received contributions from 10 or more donors over the 2004-2017 period. The Peacebuilding Fund had the largest number (57 donors), which also included contributions from private sector organizations and the United Nations. The top three funds with the largest number of donors (the Peacebuilding Fund, the Ebola Response Multi-Partner Trust Fund and the United Nations Haiti Cholera Response Multi-Partner Trust Fund) were all United Nations Secretary-General Funds. The others included five United Nations Development Group multi-donor trust funds, six United Nations Secretariat humanitarian funds, and five 'UNDG One Funds'.

24. At the other extreme, 67 funds had only a single donor in the 2010-2017 period (compared to 18 between 2004 and 2009), and 14 had only two donors. Seventy-six per cent of the single-donor funds were for joint programmes, with a total of 19 donors – of which Sweden alone contributed to 10. Five of the single-donor funds had a single participating United Nations organization that had received transfers as of December 2017, while 40 per cent (27) single-donor funds made transfers to only two or three organizations.

25. The number of United Nations organizations participating in multi-donor trust funds and joint programmes increased significantly from 33 in the first period (2004-2009) to 52 in the second (2010-2017). Between 2004 and 2017 a total of 62 entities (52 participating United Nations organizations, seven non-United Nations organizations and three governments) received $9.8 billion from the MPTF Office, of which $6.7 billion was received during 2010-2017. During 2010-2017, UNDP received 39 per cent of the total transfers (UNDP, 21.7 per cent; non-governmental organization/UNDP[4], 17.2 per cent; and UNDP/UNV, 0.02 per cent). The top three participating United Nations organizations (UNDP, UNICEF, and the Food and Agriculture Organization – FAO) together received 57 per cent of the total transfers. The other large participating United Nations organizations were: the World Food Programme (WFP), non-governmental organizations/Office for the Coordination of Humanitarian Affairs[5], the World Health Organization (WHO), the International Organization for Migration (IOM), UNOPS and UNFPA. Those top 10 participating United Nations organizations accounted for 83 of total fund transfers from the MPTF Office.

26. In 2016, for the first time, non-United Nations participating organizations were included as a part of the pooled-financing mechanism without having to go through a participating United Nations organization as managing agent. The seven organizations were: the Association for Cooperative Operations Research and Development, CARE, Educare Liberia, Humanity & Inclusion (previously Handicap International), Interpeace, Mercy Corps, and Search for Common Ground. All transfers were made from the Peacebuilding Fund in 2017. Total transfers amounted to $3.1 million (0.4 per cent of total 2017 transfers). Also new in this period was the transfer of funds to three governments: the Government of Mali received $41.5 million, the Government of the Central African Republic received $4.5 million, and the Government of Somalia received $2.8 million (0.5 per cent of total transfers between 2010 and 2017).

27. Over 110 countries benefited from pooled financing between 2004 and 2017. Seventy-four received funding during 2004-2009 and 110 during 2010-2017. Transfers to the Democratic Republic of the Congo, Somalia, South Sudan and Sudan constituted 45 per cent of the funding in 2010-2017. The top five countries received 50 per cent of total funding, while 90 of the 110 countries received about 20 per cent.

28. There was a significant variation in donor contributions among fund themes between 2010 and 2017, with increased funding to climate change (from $39.7 million to $99.8 million); development (from $65.2 million to $80.6 million, with a peak of over $200 million in 2014) and transition funds (from $103.4 million to $288.8 million); while

[4] NGO/UNDP

[5] NGO/OCHA

contributions to humanitarian funds remained largely unchanged, averaging $265 million. 'Delivering as one' funds saw a decline in funding, from $66.9 million to $28.8 million.

29. United Nations Secretariat funds (particularly humanitarian funds) and United Nations Development Group multi-donor trust funds attracted more funding volume, while funds sponsored by the Secretary-General attracted more donors, primarily with small contributions. Considering the seven categories of pooled funds, the largest contributions were to the United Nations Secretariat funds, particularly the humanitarian funds ($3.7 billion, or 36 per cent), followed closely by United Nations Development Group multi-donor trust funds ($3.6 billion, or 35 per cent). While 89 per cent of donors contributed to funds sponsored by the Secretary-General, those contributions constitute only 10 per cent ($1 billion) of the overall total. Forty-eight donors contributed to only one category, mainly funds of the United Nations Secretary-General. Twenty-four donors contributed to two categories. Denmark, the Netherlands, Norway and Sweden contributed to all seven categories.

B. Effectiveness and efficiency of the inter-agency pooled-financing mechanism

Design, establishment and governance

30. The MPTF Office has established itself as a strong, credible and neutral provider of United Nations pooled financing services establishing standards for administrative agent services. The administrative agent service administered by the MPTF Office is highly regarded by donors and agencies alike. The MPTF Office and its staff are praised for their client-focused professionalism and their support to the design of new funds. Donors and organizations recognize the value of work done by the Office to standardize the various agreements used for pooled financing, as well as their provision of standard financial reports acceptable to donors, stating that the Office sets the standard for the administrative agent services of all United Nations organizations.

31. There is, however, considerable scope for strengthening the design of funds and their governance. This would be best accomplished with a much stronger role for the MPTF Office, not only to ensure the quality of fund design but also to monitor the implementation of United Nations Development Group quality standards by the respective steering committees and participating United Nations organizations; and through a multi-stakeholder advisory and consultative mechanism.

32. With notable exceptions (the MDG Achievement Fund and the Peacebuilding Fund), earlier funds often lacked a clearly articulated theory of change and results framework, which weakened results reporting. United Nations Development Group guidance in 2015 highlighted the importance of having a clear theory of change and results framework for each fund. Donors and organizations alike recognize that the continuing lack of an appropriate results framework at the beginning of each fund reduces its attractiveness to donors and the ability of organizations to manage and report on results. While the administrative agent can be called upon to support development of the logical framework, there is no party responsible for ensuring that the theory of change or results frameworks meets requisite standards. If this is not done when the fund is established, fund quality and results reporting will be weakened.

33 United Nations Development Group guidelines accept that any United Nations organization may be the administrative agent of multi-donor trust fund and joint programme funds. In most cases where organizations other than the MPTF Office serve as administrative agent, they do so for joint programmes in which they are the lead organization. Most do not have the same level of capability as the MPTF Office, typically providing administrative agent services through non-dedicated finance department units – which results in non-uniform reporting, a lower level of support, and reduced transparency. Organizations and donors consistently affirmed that the MPTF Office sets the standard for administrative agent services and is able to support the development of funds better than any other entity. These

capabilities are especially important for multi-donor trust funds, since joint programmes often rely on the design support of the lead entity.

34. In 2014, the United Nations Development Group established thresholds for annual contributions to new joint programmes ($1 million per participating United Nations organization) and multi-donor trust funds ($2 million for simple and $5 million for normal multi-donor trust funds), which were meant to guide organizations towards more cost-effective minimum values and ensure that the correct United Nations instrument was being used relative to the risk profile of each instrument, including the programmatic and financial risks associated with small joint programmes and multi-donor trust funds for the various stakeholders. The establishment of a minimum threshold for acceptance of new multi-donor trust funds and joint programmes may have resulted in some cost savings to the MPTF Office and a reduction in the number of new joint programmes accepted. However, organizations report that the thresholds have left them without a good alternative for the administration of smaller funds, resulting in higher support costs and the use of standard agreements not designed to support joint programming.

35. United Nations Development Group guidance in 2015 did not set out clear best practices to include donor membership on the steering committee for all global funds and 'one funds', rather leaving each fund to decide. While most global or country funds include donors on the steering committee, this sometimes has to be requested, which frustrates donors. There is a need for the United Nations Development Group to revisit the guidance and make it explicit.

Operational performance

36. Financial transfers to and from the MPTF Office are generally quite prompt. The Office exceeded its 2017 key performance indicator target of 95 per cent of transfers to participating United Nations organizations within five days of receipt of request. However, internal delays sometimes occurred within participating organizations when transfers were not clearly identified. Overall respondent satisfaction with the Office meeting partner operational needs was highest with regard to "prompt transfer of funds", "accountability", "transparency", "financial reporting", and "narrative reporting". Satisfaction was lowest with regard to "results reporting", "supporting the sustainable development goals", "innovative partnership", and "support to fund design".

37. Pooled financing reduced transaction costs for donors. However, such costs increased substantially for United Nations organization country staff and resident coordinators. This corresponded with the findings of Independent Evaluation Office survey data and some earlier studies and evaluations that had reported similar trends. Transaction costs increased for organizations with additional negotiation, planning and coordination processes and meetings, and were a greater burden when allocations were small. Higher organization transaction costs are not seen to improve projects; their benefit (if any) may reportedly be found in improved country team or inter-organization planning and programming, as well as engagement with government.

38. The MPTF Office and donors alike called attention to the widespread problem of delayed closure of projects on the part of participating United Nations organization, which has often extended for several years. Some progress has been made since 2016, but the problem remains significant. As a result, resources may be held by the recipient organization until project closure and unavailable for use by others, perhaps leaving a considerable balance to refund at closure. While the problem is greatest with UNDP and the Office for the Coordination of Humanitarian Affairs in their managing agent roles, it is also significant for other UNDP and Office for the Coordination of Humanitarian Affairs allocations, as well as those for UN-Habitat and UN-Women.

Reporting and accountability

39. The MPTF Office Gateway is a recognized by stakeholders as a transparent tool for reporting information on donor contributions. Multiple improvements were identified during the evaluation to make the site more useful, particularly more frequent updating of

expenditures and clearer organization of documents. Respondents found the quality of all three types of reporting satisfactory, with financial reporting rated the highest, narrative reporting second, and result reporting somewhat problematic. Some donors commented that the financial information provided through the MPTF Office Gateway was clearer and more complete than what they received from the Office for the Coordination of Humanitarian Affairs or the World Bank, to whom they have suggested using the MPTF Office Gateway as a model to improve their reporting. While the annual financial and narrative reporting of MPTF Office-administered funds and joint programmes follow United Nations Development Group guidance on reporting and fulfil donor headquarters requirements, annual reporting is not considered sufficiently frequent for stakeholder monitoring or management of the funds.

40. Although varied, the quality of narrative reporting is generally acceptable to organizations and governments, but more than half of headquarters- and country-based donor respondents consider results reporting to be less than satisfactory. Primary concerns are that reports (a) do not present outcome-level changes; and (b) do not show how fund resources contribute to outcomes further down the delivery chain. Respondents attribute the weakness to a lack of adequate attention to the theory of change and results frameworks during fund establishment. Resolving this would not necessarily ensure good results reporting, but would be a pre-condition to achieving it.

41. To avoid any real or perceived conflict of interest between the fund administrative agent and its dual role as a participating United Nations organization in the multi-donor trust funds, joint programmes/One United Nations funds, there is a functional firewall. The firewall between the MPTF Office as administrative agent and UNDP as implementer is working appropriately. Nevertheless, a significant minority of participating United Nations organizations feel that the connection of UNDP with the resident coordinator at the country level puts it in an unfair advantage vis-à-vis access to multi-donor funding, with higher levels of dissatisfaction among specialized agencies and United Nations Secretariat entities. The evaluation found no evidence of firewall violation.

Managing agent and non-governmental organization participation

42. United Nations development organizations have for years contracted non-governmental organizations as implementing partners within United Nations system programmes; however, non-governmental organization projects were not funded outside the context of an organization programme. The managing agent role was created in 2006 to enable non-governmental organizations to access funding for their own projects under the first humanitarian funds established in the Democratic Republic of the Congo and Sudan in that year. United Nations Development Group guidelines for the managing agent stipulate that "[e]ach participating organization assumes full financial and programmatic accountability for the funds disbursed to it by the administrative agent and for the implementation of the project". While this works well for most participating United Nations organizations that fund non-governmental organizations to carry out projects which are part of their broader programme, those guidelines do not work in humanitarian situations where the steering committee selects a non-governmental organization and its project and then allocates funds to a participating United Nations organization as managing agent to contract the non-governmental organization. As a result, the managing agent cannot exercise "programmatic accountability".

43. UNDP has been providing managing agent services since 2006. However, it has been slow in adapting its procedures for providing managing agent services (non-governmental organization access to non-governmental organization projects) under country-based pooled funds, which are under the overall authority of the Humanitarian Coordinator supported by the Office for the Coordination of Humanitarian Affairs. This has caused tensions between UNDP and the Office for the Coordination of Humanitarian Affairs with respect to managing agent services. UNDP delays in full implementation undercuts the argument for its comparative advantage in providing such services.

44. While the MPTF Office and the Office for the Coordination of Humanitarian Affairs both provide managing agent services under humanitarian pooled funds, each has a different contribution agreement. The differences between the legal instruments and contacts creates complexity, and higher transaction costs, for donors contributing to humanitarian funds, who would like to see the legal instruments standardized.

45. Direct access by non-governmental organizations to United Nations pooled funds has been an issue since the early days of humanitarian reform (Democratic Republic of the Congo and Sudan humanitarian funds) and before that with the UNDG Iraq Trust Fund, and has seen a further push with the localization thrust of the Grand Bargain agreed at the World Humanitarian Summit in 2016. Working with the Peacebuilding Fund since 2016, the MPTF Office has managed a pilot for direct transfer of funds to non-governmental organizations as non-United Nations participating organizations. This provides a third option for non-governmental organization access to United Nations Development Group pooled-financing resources, in addition to that of an implementing partner for a United Nations organization or a party contracted by a managing agent for the project of that non-governmental organization. The participating non-United Nations organizations pilot has demonstrated promising results for the Peacebuilding Fund. However, delays in standardizing the memorandum of understanding have impeded its full roll-out for wider use.

C. Role of pooled funds in supporting United Nations development system priorities at the country level

46. MPTF Office-supported United Nations pooled funds have contributed positively to promoting donor coordination and United Nations coherence, despite the increased competition for resources among participating organizations. While multi-donor trust funds and joint programmes have been instrumental in promoting integrated planning at the country level in support of United Nations Development Assistance Frameworks and supporting national ownership, the success of these – according to respondents – is varied, and depends largely on the commitment of the resident coordinator to the One United Nations philosophy; the relationship between the resident coordinator and United Nations country team heads/resident representatives; and pressure from the recipient government as to how the United Nations should operate in their country ('delivering as one').

47. United Nations pooled funds are seen by donors as harmonizing aid in line with the principles of the Paris Agreement and good donor practices. They bring together the strengths of various United Nations organizations, promote United Nations coherence and collaboration, assure proper fund utilization, provide an opportunity to work at scale, reduce overhead costs, and help leverage resources to address national priorities. Concerns remain, however, on the unclear results focus of funds, loss of donor visibility and transparency in fund utilization further down the delivery chain, and value for money.

48. With regard to promoting gender equality and women's empowerment, the majority of respondents stated that the pooled funds supported by MPTF Office encouraged the incorporation of gender considerations. MPTF Office guidelines on designing pooled funds for performance make reference to the importance of incorporating gender as a cross-cutting issue, but there are no clear-cut criteria for ranking or prioritization of funds or programmes promoting gender equality or women's empowerment. The evaluation noted that this was not an integral feature of the mechanism, but rather of the policies and practices of individual organizations on gender mainstreaming.

49. The overall impression of respondents was that while pooled financing may be consistent with United Nations coherence and coordination, it requires a degree of political commitment by the key actors, together with a clear focus of the fund and a shared understanding of how the programme should produce desired results. It has contributed to promoting the priorities of the United Nations development system at the country level and has contributed to promoting national ownership. This is especially true in the case of development, transition and climate funds.

V. Conclusions

Conclusion 1

50. Pooled financing has become a well-established mechanism over the past decade. The number of funds (administered by the MPTF Office), donors, and participating organizations, have all increased substantially. However, annual funding has been relatively stable over recent years, with decreased average contributions per donor. While development, transition and climate change funds have attracted more donor funding, 'delivering as one' funds have seen a decline, although contributions to humanitarian funds have remained nearly stable. The donor pool is top-heavy. Ten donors provide over 85 per cent of funding to all categories of funds, while 80 per cent of donors provide less than 5 per cent of funds, including 40 per cent of donors that contributed solely to funds sponsored by the Secretary-General, with 0.3 per cent of total contributions.

51. Increasing the amount of donor funding through pooled funds, and the effectiveness of United Nations programming supported by pooled funds, is critical to the Secretary-General's reform proposals and the implementation of the 2030 Agenda. While the number of contributing donors can be increased by promoting pooled-financing services for the Secretary-General's funds among United Nations member states, increasing the amount of total contributions depends mainly on a combination of (a) Quadrennial Comprehensive Policy Review-related dialogue with a limited number of key donor countries to increase the share of pooled financing in their contributions; (b) United Nations Development Group-related dialogue and the reform of pooled fund design and management to increase the results focus of United Nations organizations participating in pooled funds; (c) exploring innovative sourcing of contributions, including private sector engagement; and (d) continued strengthening of the quality and value addition of administrative agent services provided by the MPTF Office.

Conclusion 2

52. The MPTF Office is a key provider of system-wide inter-agency pooled financing services that administers United Nations pooled funds. It is highly regarded by donors and participating organizations for its strong fund design and administration capability, high credibility to collect and make known 'best practices', setting standards for other organizations providing administrative agent services. It is recognized by most donors and participating organizations as the preferred choice for administrative agent. Nonetheless, major concerns remain with respect to the quality of fund design and the weak results focus. While the parties to each fund are responsible for the results focus, no one is currently responsible for ensuring that the results focus and quality standards of the United Nations Development Group policy are adequately reflected in fund design.

Conclusion 3

53. MPTF Office annual financial reporting and Gateway information on donor transfers meet the donor reporting requirements for contributions to the United Nations. Nonetheless, the lack of more frequently updated expenditure reporting on the Gateway is considered a weakness in terms of its usefulness for stakeholder information and management of progress from the fund or at the country level. While the quality of narrative reporting is generally considered satisfactory by participating organizations, donors remain concerned about the reporting on outcome-level changes further down the results delivery chain.

Conclusion 4

54. The provision of managing agent services (to contract non-governmental organizations selected for their own projects by the Multi-Donor Trust Fund Steering Committee) under humanitarian and transition funds is not supported by appropriate United Nations Development Group policy. The United Nations Development Group requirement that the participating United Nations organization providing managing agent services have "full programmatic and financial accountability" for non-governmental organization projects

holds the participating United Nations organization or managing agent accountable without any control or authority. This puts UNDP offices providing managing agent services in an untenable position.

55. UNDP has been providing managing agent services since 2006. However, it has been slow in adapting its procedures to the provision of managing agent services for humanitarian funds, and has not established the mechanisms necessary to enable smooth managing agent service delivery for these funds. Greater attention is needed to ensure the timely implementation of recent policy changes that hold out promise for improvement to managing agent services under the humanitarian funds.

Conclusion 5

56. The pilot allowing non-governmental organizations to receive funding directly from the administrative agent as a non-United Nations participating organization under the Peacebuilding Fund is a welcome test for wider use, and may have particular relevance for humanitarian and transition funds. Once the pilot has been assessed and adjustments made to United Nations Development Group guidance, it should be more widely available for funds with a risk profile appropriate for this instrument.

Conclusion 6

57. The firewall between the MPTF Office as an administrative agent and UNDP as a participating United Nations organization is working as it should. However, there is a perception among a significant minority of participating United Nations organizations that the firewall at the country level is less effective than it should be, with greater dissatisfaction among specialized agencies. Non-resident agencies are concerned that they do not learn of new opportunities until things have already been decided by UNDP and other major organizations in the country, creating the perception that UNDP benefits unfairly from its close connection to the resident coordinator. Many donors and participating United Nations organizations noted that allocations were generally made by a steering committee where all partners participated, so biased allocation would be noticed and objected to – of which the evaluation found no evidence. While the minority perceptions of bias can be discounted, they suggest the need for improved dissemination of information to all potentially interested organizations regarding new fund opportunities.

Conclusion 7

58. Insufficient attention to fund closure undermines United Nations claims of efficiency and accountability in the use of the pooled funds entrusted to it. While MPTF Office efforts over the recent years have led to improvements in organizational performance with respect to financial closure rates of operationally closed outstanding projects (bringing down the unclosed projects balance from $34 million at the end of 2015 to $14 million at the end of 2017), stricter compliance by participating organizations on timely fund closure of projects would free up significant resources that could be potentially used by other organizations with active projects under the fund.

Conclusion 8

59. UNDP is recognized by all stakeholders as the best institutional location for the MPTF Office, although its location can sometimes create a false perception as to the system-wide nature of its services. For the MPTF Office to be truly seen as a service of the United Nations system rather than a UNDP service, there is a need to institutionalize a multi-stakeholder steering committee mechanism that includes partner United Nations organizations and contributing partners.

Conclusion 9

60. United Nations pooled funds play a key role in harmonizing aid in line with the principles of the Paris Agreement and good donor practices. They bring together multiple strengths of different United Nations organizations; promote United Nations coherence and

collaboration; assure proper fund utilization; provide an opportunity to work at scale; reduce overhead costs; and help leverage resources, especially from small and non-traditional donors. Concerns remain, among some donors, however, on the unclear results focus of some funds, loss of donor visibility, transparency in fund utilization further down the delivery chain, and value for money.

Conclusion 10

61. United Nations pooled funds supported by the MPTF Office have contributed positively to promoting donor coordination and United Nations coherence, despite the increased competition for resources among participating United Nations organizations. While multi-donor trust funds and joint programmes have been instrumental in promoting integrated planning at the country level in support of United Nations Development Assistance Frameworks, the success of these efforts, according to respondents, is varied and depends largely on the resident coordinator's commitment to the One United Nations philosophy, the relationship between the resident coordinator and the United Nations country team heads or resident representatives, and pressure from the recipient government as to how the United Nations should operate in their country ('deliver as one').

62. While most of the multi-donor trust fund and joint programmes supported by the MPTF Office incorporate gender concerns, this is not an integral feature of the mechanism but rather of the policies and practices of the particular organization on gender mainstreaming. More systematic effort is needed to promote gender equality and women's empowerment in MPTF Office-supported funds and programmes.

VI. Recommendations

Recommendation 1

63. UNDP should initiate a dialogue with the United Nations Development Group to increase transparency in fund utilization further down the results delivery chain, and to demonstrate a clear United Nations comparative advantage and value for money, enhanced by long-term country presence as a trusted partner with government and the international community. To contribute to that effort, the MPTF Office should refine its financial and narrative reporting framework and guidelines for participating United Nations organizations. This will increase donor confidence, help mobilize resources, and contribute to the Secretary General's vision and reform agenda, including by doubling pooled financing over the next four years.

Recommendation 2

64. UNDP should advocate for a much stronger administrative agent role in monitoring the fulfilment of United Nations Development Group quality standards by the respective steering committees and participating United Nations organizations. The administrative agent should be charged not only with supporting the design of funds and programmes, but also monitoring and supporting organizational quality in implementation. The MPTF Office should require that all fund terms of reference include a clear theory of change and results framework as part of fund design to structure reporting. The Office should engage with the participating United Nations organizations of each fund and provide support and quality assurance regarding compliance with the terms of reference, confirmed in the administrative agent's written acceptance of the fund.

Recommendation 3

65. UNDP may consider initiating a dialogue with the United Nations Development Group for the revision of its policy and documents to properly reflect the role of the managing agent by indicating that its accountability is limited to financial and project management issues, while programmatic accountability lies with the responsible project authority (steering committee or humanitarian coordinator) and the respective non-governmental organization.

Recommendation 4

66. UNDP needs to fast-track the implementation of its updated guidelines and responsible party agreement for the managing agent function under humanitarian funds (and update programme and operations procedures to reflect the special dispensation required for provision of such services.

Recommendation 5

67. The MPTF Office should assess the non-United Nations participating organization pilot for direct access to United Nations pooled funds by non-governmental organizations, and should propose necessary adjustments to United Nations Development Group guidance (including the preparation of a revised standard administrative arrangements and memorandum of understanding for such modality), so that they can be rolled out as an option for other funds (particularly humanitarian and transition funds) where relevant.

Recommendation 6

68. The MPTF Office ought to make information on new funds available to all interested parties. The Office should act to ensure that any potential participating organization could become aware of new opportunities, by providing that information on the Gateway. Furthermore, the Office should encourage resident coordinators to make such information available and to actively brief the country teams about new funds under discussion or agreed, without implying that everyone will necessarily have a "share".

Recommendation 7

69. UNDP, as a participating United Nations organization, should increase its efforts to close the backlog of old project allocations that are essentially concluded but not yet financially closed, particularly in the four countries where it is managing agent to country-based pooled funds.

Recommendation 8

70. The MPTF Office should initiate a process for establishing a multi-stakeholder steering committee, including partner United Nations organizations and donor representatives, that meets at least on an annual basis to review progress and discuss trends in global financing and strategies on the way forward. Such a mechanism will strengthen partner engagement and reinforce the confidence of donors and partner organizations in the mechanism and its use.

Recommendation 9

71. The MPTF Office should develop guidelines and procedures to ensure that considerations related to gender equality and empowerment are reviewed for 'quality at entry' and incorporated into fund design, appraisal and allocation processes.

Annex

Definitions of acronyms and abbreviations used in footnote 2

DESA – Department of Economic and Social Affairs

DPA – Department of Political Affairs

DPKO – Department of Peacekeeping Operations

ECA – Economic Commission for Africa

ECE – Economic Commission for Europe

ECLAC – Economic Commission for Latin America and the Caribbean

EOSG – Executive Office of the Secretary-General

ESCAP – Economic and Social Commission for Asia and the Pacific

ESCWA – Economic and Social Commission for Western Asia

FAO – Food and Agriculture Organization

IAEA – International Atomic Energy Agency

IBRD – International Bank for Reconstruction and Development

ICAO – International Civil Aviation Organization

IFAD – International Fund for Agricultural Development

ILO – International Labour Organization

IMO – International Maritime Organization

IOM – International Organization for Migration

ITC – International Trade Centre

NGO – Non-governmental organization

OCHA – Office for the Coordination of Humanitarian Affairs

OHCHR – Office of the United Nations High Commissioner for Human Rights

OLA – Office of Legal Affairs

OSRSG-SVC – Office of the Special Representative of the Secretary-General on Sexual Violence in Conflict

PAHO – Pan American Health Organization

UNAIDS – Joint United Nations Programme on HIV/AIDS

UNCDF – United Nations Capital Development Fund

UNCTAD – United Nations Conference on Trade and Development

UNEP – United Nations Environment Programme

UNESCO – United Nations Educational, Scientific and Cultural Organization

UNHCR – Office of the United Nations High Commissioner for Refugees

UNICEF – United Nations Children's Fund

UNICRI – United Nations Interregional Crime and Justice Research Institute

UNIDO – United Nations Industrial Development Organization

UNITAR – United Nations Institute for Training and Research

UNMAS – United Nations Mine Action Service

UNMEER – United Nations Mission for Ebola Emergency Response

UNODC – United Nations Office on Drugs and Crime

UNRWA – United Nations Relief and Works Agency for Palestine Refugees in the Near East

UNSSC – United Nations System Staff College

UNV – United Nations Volunteers

WFP – World Food Programme

WHO – World Health Organization

WTO – World Trade Organization